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Clinton Is Diminished, **But Still the Main Man**

Around World, Power of the Presidency Retains Respect the Person Has Lost

By Craig R. Whitney
New York Times Service

PARIS -- In the eyes of many of his fe and leaders and ordinary people a and the world, President Bill Clinin has suffered a loss of stature foltowing investigations of his private life and his admission that he had an inappropriate relationship with a White House intern in the Oval Office. But he has lost little of the authority and power conferred on him by the presidency.

Some, particularly in the Arab world, fear that since the public humiliation caused by disclosure of his conduct with Monica Lewinsky, Mr. Clinton no longer has the moral authority to use his great power as they would like to see it used - for ex-

ample, to bring pressure on Israel.

Others in the Middle East and Africa say they believe that he ordered military strikes against alleged terrorist targets in Sudan and Afghanistan to divert attention from embarrassment at home and fear that he might be tempted for the same reason to be reckless in future crises.

But leaders everywhere say that whatever Mr. Clinton's private life, his position as leader of the world's most powerful economy and of the only military superpower gives him an indispensable role in dealing with international problems, whether terrorism or turmoil in Russia.

For that reason, he went to Moscow on Monday night with the blessings of his fellow leaders of the Group of Seven leading industrialized democracies and with advice collected by his close friend, Prime Minister Tony Blair of Britain, during the weekend. According to a survey by New York Times correspondents on five continents, officials and ordinary people, whether they feel sympathy, pity, contempt or concern for Mr. Clinton personally, stand in awe of the power of the presidency - if somewhat less in awe of the character of the

man now occupying the office.

"An emperor should behave like an emperor and a father should behave like a father," said Yan Xuetong, a foreign policy expert at the Chinese Institute of Contemporary International Relations, which is

ment. He was citing a saying of Con-

Because of Mr. Clinton's difficulties over the summer, leaders in some countries are quicker than usual to take issue with American policies, privately if not publicly.

One high-ranking European official, asking not to be identified by name, criticized the president's determination to go ahead with his visit to Russia on Tuesday and Wednesday despite the political and economic turmoil that has hobbled President Boris Yeltsin.

"It's a completely useless meeting," this official said, "but neither Yeltsin nor Clinton could afford to be the first to say, 'Let's call it off.' " Another, from a different European allied country, said, "The only thing worse than carrying out this meeting between two wounded heavyweights

See CLINTON, Page 6



sponsored by the Chinese govern- Mr. Clinton ending his vacation.

Democrats Start to Fear The President's Coattails

Dream of Regaining a Majority Is Fading

By Richard L. Berke New York Times Service

WASHINGTON - In the two weeks since President Bill Clinton acknowledged his relationship with Monica Lewinsky, the tension and uncertainty within the Democratic Party have not diminished but have, in fact, intensified as its candidates gear up for the general election campaign. Already, Mr. Clinton's disclosure

is beginning to undermine the drive to put forth a full-throated Democratic agenda, according to party candidates and strategists, who say there is a growing consensus that the party has all but forfeited its prospect for closing the I1-seat gap and winning back control of the House.

Some of these Democrais say the party could even suffer a net loss of more than a dozen seats, making any return to the majority a very arduous effort - and one that could take

Mayor Roxanne Qualls of Cincinnati, a Democrat in a tight contest for the House, expressed frustration that as she tries to discuss Social Security. health care and education, the press and the Republicans want only to bring up Ms. Lewinsky.

"It's not helpful to me and it's not helpful to the voters because the issues aren't focused on," Ms. Qualls

Many Democratic candidates around the country are putting dis-tance between themselves and Mr. Clinton, leaving party leaders in the awkward position of backing candi-

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dates who do not want the president to travel to their states or districts.

In this crucial start of the autumn campaign season, when it is espe-cially important that the party display a united front. Mr. Clinton's disclosure has exacerbated tensions between the president and party stalwarts like Dick Gephardt of Missouri, the House minority leader who last week accused Mr. Clinton of "reprehens-

ible" behavior. The president himself was described by several people who have talked with him in recent days as dejected and worried that the matter could take a toll on the outcome in November, and

thereby his influence on Capitol Hill.

Mr. Clinton has talked with senior
Democratic lawmakers, aides said, seeking to reassure them about the elections and his ability to function. "I don't know if he's as much worried about November as he is

about his job — it's all wrapped in together," said one adviser who spoke several times to the president last week. "You do not want this to snowball and get out of control."

Despite the defensive and unsettled

posture of many Democrats, party leaders put on a brave face in public. They insist that fund-raising is holding steady, and they cling to polls showing that Mr. Clinton's job ap-

proval ratings have remained strong. Another sign bringing them hope is that several contenders said the Lewinsky matter had not come up in their races; even some Republicans said it

See DEMOCRATS, Page 6

Dow Drops 500 in Market Frenzy



Viktor Chernomyrdin speaking with deputies in the Duma on Monday before his nomination as prime minister was overwhelmingly defeated.

Parliament Hands Yeltsin Defeat Over His Nominee

Power Struggle Grows More Acrimonious

By David Hoffman Washington Post Service

MOSCOW - President Boris Yeltsin suffered an overwhelming defeat in Parliament Monday on his nomination of Viktor Chernomyrdin as

the nomination while Russian political leaders voiced fear that a prolonged power struggle would aggravate the country's severe financial crisis.

Mr. Yeltsin immediately resubmitted

The defeat left Mr. Yeltsin without a formal government in place as President

Clinton speaks out to support reforms. Page 6.

Bill Clinton was due to arrive in Moscow on Tuesday for a 48-hour Kremlin summit meeting, his first visit here in more than two years. The Russian economic crisis is ex-

leaders are reported by aides not to have any major agreements to sign. Mr. Clinton has said he intends to express sympathy and support for Rus-

cted to dominate the talks, and the two

sian economic reform, but there is little he can do to stem Russia's slide. The 450-member lower house of Parliament, the State Duma, rejected Mr. Chernormyrdin by a vote of 251 to 94,

with the remainder not voting.

The rejection followed an appeal by Mr. Chernomyrdin, who is acting prime minister, that the country "is on the

brink economically and politically."

Mr. Chernomyrdin, who was dismissed in March and reappointed in August after devaluation of the ruble and a default on Russia's internal debts, took a verbal lashing from all sides in

the lower house. He was opposed by the Communist Party, the largest faction in the Duma, by the centrist Yabloko movement led by Grigori Yavlinsky and by the ultranationalist leader, Vladimir Zhirinovsky.

Mr. Chernomyrdin was repeatedly attacked for his role in contributing to Russia's financial crisis. "What they have been creating for the last seven years under the guise of democratic reforms is totally in ruins," said Gennadi Zyuganov, head of the Communist Party. "You would not be able to handle it," he declared to Mr. Chemomyrdin, who listened to the debate, "and a massive collapse will begin — after

everything that has already happened."
Mr. Yavlinsky said Mr. Chernomyrdin simply does not understand what

happened when he was in power." The horse-trading and uncertainty left by the Duma vote unsettled Russian politicians as the country seemed to be drifting amid a dire financial crisis that has paralyzed the stock market, endangered the banking system, shut the main currency exchange and disrupted retail trade and imports.

"The fire is raging now," com-plained an angry Yuri Luzhkov, the powerful mayor of Moscow, who earti-er had endorsed Mr. Chernomyrdin. "How can they not understand this?" he asked, referring to the members of

"I am terribly upset that for two weeks they can't make one concrete decision," Mr. Luzhkov said to reporters, adding: "Who cares?" He was alluding to the political pact that pre-occupied the lawmakers and the Kremlin officials in recent days.

See RUSSIA, Page 6

Sell-Off Pushes Index Below 7,600 And Wipes Out All Gains for 1998

By Mitchell Martin

NEW YORK -- A spasm of selling erased all of Wall Street's 1998 gains on Monday, as concerns about a weak world economy discouraged investors.

The Dow Jones industrial average lost 512.61 points, the second-largest point drop on record, to close at 7,539.07. The Dow began the year at 7,908.25 and had not been below 8,000 since Pebruary. The index has now fallen 19.26 percent from the record high set July 17.

The unsettled situation in Russia and

the sharp fall in the Hong Kong market (Page 11) were contributing factors to a sense that profits at American corporations would not support the record levels that stock prices had achieved in mid-July. A lack of appetite for stocks worldwide has caused markets to slide

across Europe and Asia.

Michael Metz, chief investment strategist at CIBC Oppenheimer Corp., said he did not think the sell-off had run

Experts begin to wonder whether the Wall Street slump portends a U.S. recession. Page 11.

its course. "Now we're getting the urgent emotional selling, but I still believe the market is overvalued and has not discounted what I consider to be a deteriorating outlook."

The United States, he said, would be unable to achieve economic growth if the rest of the world was mired in recession. With economic problems spreading from Asia to Eastern Europe and Latin America, he added, "I think you are going to see a radical slow-down" in the U.S. expansion.

Even without that slowdown, he said, many stock prices were too high relative to their earnings. He said the historical norm of prices that were at "mid-tohigh-teen' multiples were more appropriate than the current price-to-earnings ratios in the low 20s.

Some analysts, however, said that the crosion in prices had brought equities down to attractive levels.

There are signs that we are at the tail end of this particular decline," said Elizabeth MacKay, chief investment strategist at Bear, Stearns & Co. She

	Deal, Steam	
	The Dollar	
New York	Monday 9 4 P.M.	previous close
DM	1.7525	1.759
Yen	140.55	141.975
FF	5.896	5.896
Pound Dollas per pou	·1.678	1.6828
	The Dow	
T	Monday close	percent change
- 512.61	7,539.07	6.37%
	S&P 500	
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69.51	957.53	6.78%
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cited heavy volume and the abandonment of such market favorites as Lucent Technologies Inc., General Electric Co. and some of the major pharmaceuticals makers. "By definition," she said, "the strongest come down last."

Edward Collins, head of U.S. equity trading at Daiwa America, said, "This market looks pretty ugly right now." But he agreed with Ms. MacKay that this was a sign of an impending bottom. "Sometimes it has to look so ugly that people are spitting up stocks as fast as they can, and maybe that's where they are now." On the other hand, he added, "the market is very, very oversold, but that doesn't

mean we can't get more oversold."

The most significant selling Monday came among technology issues, reflec-ted in the record 140.52 point fall in the Nasdaq composite index, which ended at 1,499.16. Dell Computer Corp. and

See MARKET, Page 12

North Korea Test-Fires a Missile Off Japan's North

By Don Kirk

SEOUL -- North Korea test-fired its longest-range ballistic missile to date into waters off northern Japan on Monday in a show of strength that analysts believed was designed to impress its own starving people as much as the rest of the world

Military authorities here, in Washington and in Tokyo confirmed that the Taepo-Dong-1 missile, capable of carrying a nuclear warhead 2,000 kilometers (1,250 miles), knifed into the sea soon after noon after having been fired from north of Wonsan, a major port on North Korea's east coast.

It was the first time in more than five years that North Korea had fired one of its missiles, all designed with technology supplied by Russian advisers in the 1970s and 1980s. North Korea fired a much smaller Rodong-1 missile about 550 kilometers on May 29, 1993, and fired Scud missiles in 1984 and 1986.

Russian and Japanese warships were said to be converging on the site where the missile came down, although it was not immediately clear exactly where the multistage rocket hit. Late reports suggested that an early stage fell close to or within Russian territorial waters near Vladivostok while the final stage reportedly crossed over the main Japanese island of Honshu to end up in the north-

ern Pacific Ocean.
Tass said that a U.S. aircraft, which it called "an American Orion spy plane," had been able "to spot the rocket's launch and fall." The Pentagon said it viewed the missile-firing as "a serious

development."

The firing sent shock waves through the South Korean government, which has been pursuing a "sunshine policy" of reconciliation with North Korea, and jeopardized a \$4.6 billion project by the United States, South Korea, Japan and the European Union for building a lightwater nuclear reactor in the North.

North Korea, marketing its Scud and Scud-based Rodong missiles to Middle Eastern countries, including Iran, Syria

See MISSILE, Page 4

AGENDA

single state or as something looser, like a Chinese version of the British Commonwealth, Mr. Lee grinned and suggested that just about anything was possible. "What the final form will be — a federal form, a com-

Iraq Demands UN Investigation

UNITED NATIONS, New York (Reuters) — The Iraqi envoy to the United Nations, Nizar Hamdoon, on Monday gave a letter to the president of the Security Council that calls for an investigation into alleged links between UN weapons inspectors and the United States and Israel.

Mr. Hamdoon said the letter requested an investigation of what he called "this whole mess that has been generated by the resignation" last week of Scott Ritter, an American UN arms inspector, and reports the United States had intervened to "try to reschedule" inspections.

When Mr. Ritter resigned, he criticized the United Nations and accused the United States of intervening several times to influence the timing and target of inspections.

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Sports P	_

Taiwan's Leader Takes a Defiant Line

President Vows to Break Out of Isolation Imposed on Island by Beijing

By Nicholas D. Kristof New York Times Service

TAIPEI — Resisting pressure to forge closer ties with mainland China, President Lee Teng-hui said Monday that he was seeking a "breakthrough" from the isolation imposed on the country by the government of mainland China.

In language that contrasted with the vision of the Taiwan Strait outlined by Chinese leaders and by President Bill Clinton during his trip to Beijing two months ago, Mr. Lee, in an interview, ridiculed Beijing's concept of "one China" and emphasized that Taiwan's destiny must be determined only by the people of Taiwan.

He scorned suggestions that he endeavor to work out some kind of agreement with Beijing over Taiwan's future.

Mr. Lee's comments, his first to an American publication since President Clinton's trip to China, underscored Taiwan's growing sense of identity separate from mainland China.

Some American scholars and government officials have been warning that the risk of military conflict is growing because Taiwan and China are drifting apart and because Beijing has increasing doubts that Taiwan will ever return voluntarily to the "motherland." Speaking for more than two hours alternately in Mandarin.

English and Japanese, occasionally in the same sentence and always with exuberance, Mr. Lee offered perhaps his clearest statement so far of his own aspirations for Taiwan.

Officials in Beijing, already concerned that Mr. Lee is quietly maneuvering to remove Taiwan from the

See TAIWAN, Page 7

Chinese fold, are likely to be newly anxious and upset.

Taiwan wanted to reunify with the mainland once China

achieved democracy, he also referred to reunification in ways

that are sure to alarm China's leaders.

Although President Lee reiterated his official position that

Asked if he envisioned reunification as the creation of a

President Lee Teng-hui of Taiwan at a party congress.

Testing for W	hat Could Ail	l Us in l	Everydo	ay Products
	Pharmaceuticals Inc. has been asked to	chemical sample tris	ggers the same mol-	call endocrine disrupters; substances t

By John H. Cushman Jr.

New York Times Service UNIONDALE, New York - In a Long Island laboratory where robots in glass cages shuffle tiny trays of cells all day and all night, the Environmental Protection Agency is gearing up for one of the most ambitious projects ever proposed to test chemicals found in everyday products for harmful side effects. Under contract to the agency, OSI

show how the drug industry's advanced automated techniques for hunting down useful compounds could also be used to quickly screen thousands of everyday chemicals, from plastics to pesticides, looking for those that might interfere with the hormonal systems of people

and wildlife. OSI's scientists have genetically en-gineered human cells with DNA from fireflies so that the cells glow when a looking for what molecular biologists

ecular switches that in normal cells would respond to hormones. That glow is like a yellow warning light, a signal that the chemical ought to be rigorously tested using laboratory animals.

These experiments are crucial to a plan, drafted over the past two years by an expert committee of scientists, industry representatives and environmentalists, to survey the entire chemical landscape

can mimic or interfere with the body's hormones and cause problems with reproduction, development and behavior. The action is in response to a growing

body of research indicating that manmade industrial chemicals and pesticides may commit a kind of molecular sabotage within the body's regulatory apparatus, possibly causing birth de-

See CHEMICALS, Page 7

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Far From Humans, the Right Whale Thrives

By Anthony Faiola

ENINSULA VALDES, Argentina — Deep in wintertime Patagonia, the gulfs of this ensconced peninsula are the breeding grounds of the right whale, the rarest kind on Earth.

Only right now, they suddenly do not seem so rare: In numbers not seen in half a century, randy males are heeding the call of the wild, romancing enormous females. Just for the fun it, dozens of dark, burly beasts are leap-ing and twirling from the water like ballerinas who weigh 50 metric tons.

It is a scene that has scientists worldwide both excited and slightly mystified.

Indeed, for the first time since their contact with humankind, things here are finally going right for the en-dangered right whale — so dubbed, experts say, because early whalers considered them the "right" whale to hunt. They are one of the few whales that float, rather than sink, after being harpooned, making them the easiest targets for whalers before more sophisticated techniques expanded hunting to other species.

At the turn of the century, there were an estimated 60,000 right whales worldwide, but since the animals — which measure 17 meters

(55 feet) or more — were prized for having the thickest blubber of the big whales, they were targeted by whalers. Even after right whale hunting was banned in 1937, they were poached mercilessly. Russian and Ukrainian fleets illegally harvested at least 2,000 off the coast of South America in the 1960s alone. The killings brought both the northern and southern species of right whale to near extinction; in the early 1970s there was an estimated world population of only 4,000. Today, there are an estimated 7,000 whales.

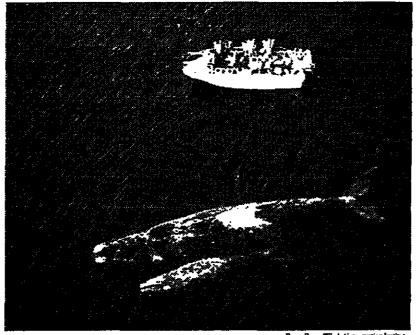
Now, scientists are calling what is happening here one of the most important recoveries of a whale species this century. The number of southern right whales here has ballooned to about 2,500 from 360 in 1971, and they are reproducing at the extraordinary growth rate of about 7 percent a year. The bays along the coast here now harbor almost half of the whale's world population.

Compare that with the currently recorded number of 300 northern right whales, which range off the coast of the United States from Maine to Florida. Their population, up from 250 about 10 years ago, is far more unstable and genetically weak, edging up about 2 percent a year and enduring a far greater rate of infant mortality, whale experts say.

Although scientists are still at a loss to define the vast difference in growth rates, they are leaning toward the most obvious answer: Right whales here are confronted with less man-made pollution and commerce than their northern cousins. Put simply,

if you leave them alone, they will thrive.

I think you could call what's happening in Ar-



A right whale female swimming with her calf near a tourist boat off Peninsula Valdes, Argentina. The population of southern right whales here is growing at 7 percent a year.

> gentina a case study on how to bring a species of whale back from the edge of extinction," said Roger Payne, a leading American whale expert who foun-ded a field station here in 1971 to study southern right whales. "Take the negative human effect out of the

equation and you've got great chances for success."

Southern right whales live in seas far lesstraveled by commercial shipping vessels than their northern cousins, who are of the same genus but are a distinct species bearing slightly different markings. Almost 60 percent of northern right whales bear scars, some deep enough to eventually kill them, from run-ins with large ships.

No similar statistics are available for southern right whales, but scientists say scarring is far less prevalent in populations here because of less intensive commercial shipping. Patagonia is sparsely populated, with 2.7 people per square kilometer (seven people per square mile), and has no large ports or population centers such as New York, Boston or Washington-Baltimore. That also means less pressure from pollution in the waters, which scientists believe is causing serious problems for the

northern whales, especially their young.

Despite mounting commercial fishing in the waters off Argentina's continental shelf, the whales also have found a friend in the Argentines. Argentines took a leading role in banning commercial whaling in the 1980s, though poachers — in particular the Japanese, Norwegians and Russians continue to harvest dozens of whales.

The Argentines quickly learned that protecting

whales was mutually beneficial. Here in wind-swept coastal Patagonia, a semi-arid, often-frigid region dotted with desert shrub and inhabited by guanacos (oversized llamas), sea lions, sea elephants and penguins, whale watching has helped make tourism a huge industry.

To maintain the industry and the whales, the Argentines designated the Gulf of San Jose, one of the whales most important breeding grounds on Peninsula Valdes, a whale reserve, which is strictly monitored. The waters here are ideal for breeding, scientists say. The whales are attracted to the narrow inlets 4.5 to 9 meters deep, thought to be perfect for nursing newborn calves.

The whales themselves are considered "living national monuments," the highest level of protection afforded to animals in Argentina.
Strict population and zoning limits have been set on the number of people allowed to live in towns here, and the number of whale-watching boats and customers are limited by regulation. A master plan being developed for the coastal region of Patagonia is considering even stricter development rules.

But there are signs that humans here, too, are having a negative impact. Some nations, such as South Africa, have put laws into effect that limit whale watching to boats without

engines. Argentina permits power boats, but some skippers do not always obey regulations to cut their engines within 100 meters of the animals.

LSO, population growth on this peninsula and the increase in commercial fisheries have created another problem. Though the whales come here only to mate, the onshore fisheries have lured thousands of sea gulls that gouge the skin of the whales' backs.

"The whales hate it," said Victoria Rowntree, director of the Right Whale Program of the Whale Conservation Institute. "It's obvious. When they're bitten, they turn around and dive to avoid the gulls," he said, which "especially go after the babies. Sometimes, the gashes are very deep.

The whales migrate to Patagonia to breed after spending months building up their fat feeding in the colder waters near Antarctica. In the past, they were noted only in September and October, but now they are abundant from June through December. No one knows exactly why. It could be that people just notice them more. But others have postulated that higher water temperatures from global warming have changed their mating habits.

"We'll continue trying to find the key," Mariano Coscarella, a marine biologist with the National Patagonian Center, said. "But right now, I just want to enjoy it. I live across from the beach, and in the mornings, I'm woken up by the sound of whales breathing in the gulf. What can I say? It is the most beautiful sound I've heard in my life."

Bin Laden's Cash Flow To Terrorists Protected

U.S. Officials Doubt Pipeline Can Be Cut

By Joseph Fitchett and Brian Knowlton International Herald Tribune

Shutting down the cash pipeline from Osama bin Laden's business interests to his terror network could prove as difficult for the United States as inter-dicting men and materiel along the elu-sive Ho Chi Minh trail during the Vietnam War.

In the aftermath of the twin terrorist bombings in Africa, which the United States has cited as the work of Mr. bin Laden, President Bill Clinton signed an order last month to block the Saudi exile's assets, bar transactions with him by U.S. citizens and companies and apply a similar ban to companies associated with him.

But U.S. officials acknowledge that the task will be difficult, and a range of experts suggest that it will be largely

"They're not going to see a penny's worth of bin Laden's assets," Steve Emerson, director of Investigative Group, a Washington-based firm that specializes in anti-terrorism, said in an

"Bin Laden doesn't hold his assets in this country or in his name — his assets are co-mingled with other people's," Mr. Emerson said.

He has them in endowments and religious-charitable groups. They're certainly not going to seize his money in Sudan, and the Arab banks that hold some of it are not going to reveal the

A myriad of busines ses are controlled by Mr. bin Laden in the Middle East, ranging from construction and agrobusiness to banking and investment

By using holding companies, a former U.S. intelligence officer said, Mr. bin Laden could place layers of ownership between himself and his front companies, putting "cut-outs be-tween his name and the front organization that does the business."

Washington will find it impossible to cut Mr. bin Laden's money line, the intelligence source added, "if he is still getting some family protection," a reference to Bin Laden Group, a construction empire based in Jidda that made its fortune in building projects for the Sau-di royal family. Much of Mr. bin Laden's wealth is inherited from his late

Osama bin Laden's personai wealth has been estimated at \$300 million. His holdings reportedly include import-export businesses in Kenya and a cluster of investments in Yemen, most of them owned by middlemen, according to accounts in Arab newspapers.

One Treasury Department official saw some hope if other countries co-'No one anticipates that this is going immediately, but its benefits to as over

time — especially if we get the co-operation of allies — could well be significant," the official said. So far, no foreign governments have acknowledged being approached for help, but a French official said that "we have been told to expect some names of people and companies" from Wash-

ington as leads for investigation. According to the former intelligence officer, U.S. operatives cannot rely on their own limited experience and ex-

'You need help from people inside banks and businesses," the official said, "and this is an area where secrecy is the

rule and legal authority for action very Mr. bin Laden has always been able to tap other people's money when he

needs it. In Afghanistan, his charisma came mainly from his success not as a guerrilla leader but essentially as "a fundraiser, bringing in a lot of money," according to a former CIA official, Milton Bearden, who ran covert op-erations in Afghanistan involving Mr.

In Washington, Arnaud de Borch-rave, who heads the Global Organized Crime Project at the Center for Strategic and International Studies, added that Mr. bin Laden today has "got a lot of wealthy, fat cat Arabs and Saudis who don't like what's happening in their country and are hedging their bets."

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■ Saudi Links Are a Target

John Mintz of The Washington Post reported from Washington:
U.S. officials say they are trying to overcome Mr. bin Laden's continuing ties to wealthy individuals in Saudi Arabia and other Gulf countries who have donated funds to his Islamic social service organizations.

The links have discouraged officials in the region from cooperating fully with U.S. intelligence agencies seeking access to banking records, according to U.S. government officials and private experts on terrorism.

Among the leads that investigators are pursuing is information supplied to Saudi intelligence agencies by Mohammed bin Moisalih, once a top bin

Arrested in Pakistan last year, Mr. biñ Moisalih was flown to Saudi Arabia, where he began cooperating with au-Mr. bin Laden almost certainly shif-

ted funds after his treasurer's arrest, officials said. While Mr. bin Laden is connected to the world by fax and encrypted tele-

phone communications from his headquarters in the mountains of Afghanistan, he often conducts business. through personal emissaries, making his. transactions harder to trace. "Money moves through mysterious

channels," a former Sta Department counterterrorism official said. 'A good deal of it moves in suitcases, and it's not always easy to track what

flows for terrorist purposes." The Paris-based newspaper Al Watan al Arabi has reported that Mr. bin Laden operates through holding companies in Luxembourg and Amsterdam, that he pays people unconnected to his movement to act as front men and that he handles the multibillion-dollar opium earnings of his hosts in the extremist Muslim Taleban movement, who control Afghanistan.

But he also maintains a network of legitimate businesses, including a European fertilizer wholesaler called Wadi al Aqiq and a Sudanese road contracting company called Al Hiraj, plus banks, venture capital firms and export-import

The United States "is not off square; one" on tracking Mr. bin Laden's assets, said Kenneth Katzman, a senior Middle East policy analyst at the Congressional Research Service who has tracked Mr. bin Laden for years.

He added, "And I don't know how they're going to get at that." He said that anyone who claimed to know about Mr. bin Laden's assets was lying. "It's just impossible to find

them." he said.

Family and Public Hold Quiet Memorials for Diana

The Associated Press

CRATHIE, Scotland - A year after the death of Diana, Princess of Wales, thousands of people commemorated one of the most public lives of modern times Monday, while those who knew her best marked the anniversary in the seclusion of their Scottish castle.

Diana's sons, Prince William, 16, and Prince Harry, 13, looking somber and wearing black ties, prayed for their mother at a private service for the royal family near Balmoral Castle, where their father woke them last Aug. 31 to tell them of her fatal car crash in Paris. In London, the pile of flowers at the

gates of the princess' former home at Kensington Palace grew to about a thousand bouquets Monday morning. Messages in many languages, photographs taken from newspapers, and paper hearts adorned the black and gold palace Scores of well-wishers held an all-

night candle-lit vigil, and public memorial services were planned at the city's great cathedrals.

The Union Jack flew at half staff on government buildings and royal residences, as an official symbol of the personal and public remembrance of In Paris, a small crowd kept an all-

night candle-lit vigil at a gold-leafed replica of the flame of the Statue of Liberty, which was given to the French people in 1987 on the centenary of the International Herald Tribune as a symbol of the friendship between France and the United States. The flame is above the tunnel where the car carrying the princess and her companion. Dodi al Fayed, crashed last year. Thirty-six candles surrounded the statue — one for each year of Diana's life.

> **LASSERRE** 17, avenue Franklin-Roosevelt Tet: 01 43 59 53 43 & 01 43 59 67 45

For Diana's family, it was a day for quict reflection.

At Althorp, 75 miles (120 kilometers) north of London, away from the public gaze, Diana's brother, Earl Spencer and her sisters, Lady Sarah McCorquodale and Lady Jane Fellowes, held a service overlooking her burial site on an island in an ornamental lake.

Balmoral, Oueen Victoria's "dear paradise" of mountains, forests and salmon streams, has been a vacation retreat for the royal family since 1855 and they visit off and on during the year, particularly in late summer.

But the royal family turned out en

TRAVEL UPDATE

Dutch Museum Shuts

AMSTERDAM (AP) — The Van Gogh Museum, one of Amsterdam's major tourist attractions, closed its doors to the public Monday for nine

months as construction workers moved

in to renovate the 25-year-old building.

Built to accommodate 60,000 visitors

year, the museum attracted more than

million last year as interest in the

Dutch artist continued to boom.

As well as modernizing the original museum, curators are adding a 37.5

million guilder (\$18.75 million) exhibition wing. The museum will reopen at the end of May.

Northwest Talks Stall

by 6,000 pilots at Northwest Airlines entered its third day Monday with no movement between the two sides in a

contract dispute hinging on pay and job

With no new talks scheduled and no

sign of either side wanting to restart the

bargaining process, the strike increasingly looks as if it will linger.

The pilots want a 15 percent pay raise over five years, dating from 1996 when

their contract ran out, and the company

is offering 9 percent over four years.

security issues.

MINNEAPOLIS (AFP) - A strike

masse, with spouses and children, for the anniversary of Diana's death. Prime Minister Tony Blair and his wife, Cherie, who were at Balmoral for the weekend, joined the royal family Monday at the tiny stone church of Crathie parish, just outside the castle's gates and across

the rushing waters of the River Dec. The Reverend Robert Sloan mentioned Diana by name in prayers and read the 23d Psalm ("The Lord is My Shepherd, I Shall Not Want") and from chapter 40 of Isaiah ("Comfort Ye My People Sayeth Your God").

Mohamed Al Fayed marked the anniversary of his eldest son's death with a

China Plans Loans

Reuters

BEUING - China announced a

rescue package Monday of up to 1

trillion yuan (\$120 billion) in bank

loans to help agriculture and in-

dustry recover from ruinous floods. The money — between 900 bil-lion yuan and 1 trillion yuan —

would come from commercial banks

over the next four months, state television quoted Shang Fulin, deputy governor of the People's Bank of

China, the central bank, as saying.

Banks could "appropriately

lower" interest rates on such loans to

within limits set by the central bank,

the official Xinhua press agency quoted the central bank as saying.

Loans would be extended to help

residents rebuild some homes and

repair others damaged by floods,

Xinhua said. The money also

would be used to help farmers,

while industrial and commercial

enterprises could use the funds to resume production.

Flooding this year has killed 3,004 people, left millions homeless and caused 166.6 billion yuan

(\$20 billion) worth of damage, of-

For Flood Victims

the family estate outside London. At Harrods, the London department store he owns, two eight-foot (2.4-me-

private memorial service at his tomb at

ter) bronze sculptures around portraits of Diana and Mr. al Faved were unveiled Monday in a window and at a permanent merporial inside. The por-traits are set within two interlinked capital "D's" above a fountain whose water symbolizes eternal life. "Í pray my beloved son and his

dearest Diana have found peace and comfort in heaven. I am sure they are happy together," Mr. Al Fayed said in a

WEATHER

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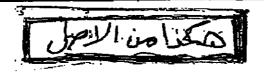
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PRIENDSHIPS

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began helping her before then

to find a job at a company

say they are increasingly con-

fident that the issue of gifts

The difficulty Mr. Clinton

must overcome is that, ac-

cording to the lawyers. Ms.

request from Mrs. Jones' law-

yers to turn over any gifts she

Lawyers said Ms. Lewinsky

had testified that the president

told her that she could avoid

turning over the gifts if she no

longer had them and that Betty

Currie, his secretary, then showed up at Ms. Lewinsky's

The key to the White

apartment to retrieve them.

had received from him.

Clinton's favor.

she was even a potential wit- can be interpreted in Mr.

White House advisers also

where he had connections.

President's Lawyers Ready Defense

porters is one of timing: that

ness in the Jones case, so the

career help could not have

been part of an effort to per-

But the evidence about the

Mrs. Jones, a former

Arkansas clerical worker, had

brought a sexual misconduct

suit against Mr. Clinton, con-

tending that when he was

governor of Arkansas he had

which the president might have engaged in sex with fe-

In an effort to bolster their

made a sexual advance.

suade her to lie.

timing is complicated.

By Neil A. Lewis New York Times Service

WASHINGTON - President Bill Clinton's top legal and political advisers say they have developed a detailed defense against what they anticipate are the four arguments that Kenneth Starr, the independent counsel, might use to mount a case of obstruction of

justice against the president. The mobilization of the president's lawyers and political advisers is part of the preparation for the battle over Mr. Starr's expected report to the House of Representatives about issues stemming from Mr. Clinton's relationship with Monica Lewinsky, a former White House intern.

According to lawyers who say they are familiar with Mr. Start's plans, the report is expected to be completed by late September, after which the House Judiciary Committee will be obligated to consider whether to undertake

impeachment proceedings. There are four areas of possible obstruction of justice for inappropriate relationship There are four areas of poswhich the Clinton advisers and an understandable effort have developed detailed to conceal it." counterarguments.

"talking points," a memo on the talking points. Law-Ms. Lewinsky gave to Linda yers familiar with the testi-Ms. Lewinsky gave to Linda Tripp, her onetime friend seemingly to help her alter in a told the grand jury she wrote way favorable to the president an account of her knowledge of an encounter between Mr.

Clinton and another woman. Another issue is the help given to Ms. Lewinsky by friends of the president in finding her a job. A third concerns any abuse

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Al

of power by the president in using the White House contends idential advisers contend that using the White House's arthur helping Ms. Lewinsky there may be documents that senal of lawyers and officials find a job had nothing to do to maintain the deception that there was no improper relationship between Mr. Clinton ment of Mr. Clinton's supand Ms. Lewinsky.

gifts the president gave to Ms. Lewinsky began getting a lewinsky and whether he conspired with homes. conspired with her to conceal them from lawyers for Paula Jones, who sought them in connection with her sexual misconduct lawsuit against Mr. Clinton.

"The fight, in large measure, has shifted from the legal arena to the political," said a senior legal adviser to Mr. Clinton. Nonetheless, the adviser, who spoke on the condition of anonymity, said that the defenses developed would first seek to defeat any anticipated obstruction of case, Mrs. Jones' lawyers justice charges Mr. Starr sought other examples in

might make.
"Once the whole obstruction of justice case is suppose away," another senior adviser said, "all Ken Starr is left with is a report about an relationship relationship learned Dec. 5, 1997, that Ms.

The president's lawyers decent and honest witness. According to lawyers, her testimony conflicts sharply that of Ms. Lewinsky. tion of justice case is stripped

The White House team's The first concerns the arguments appear strongest mony say Ms. Lewinsky has the talking points herself with some help from Mrs. Tripp. Although Mrs. Tripp has

denied any role, Mr. Starr has apparently been unable to find any evidence that Mr. Clinton or any of his associates were involved in drafting the document.

Clinton Skips Fun for a Comeback Plan By Ceci Connolly show that Vernon Jordan Jr., Washington Past Service a close friend of the president.

EDGARTOWN, Massachusetts -It was, by all accounts, a most peculiar sojourn for President Bill Clinton -13 days, ending Sunday, on scenic Martha's Vineyard with not a swing of the golf club, minimal hobnobbing with the island socialites and admittedly chilly relations with his wife.

But if it was not an altogether fun summer vacation for the president, the self-imposed exile may have produced some political benefits. Alone Lewinsky has testified that he in a small guest house here, Mr. Clinton sketched in longhand what may be encouraged her to ignore a the outlines of a plan to rejuvenate his ailing presidency.

As he described it in an emotional

discussion with civil rights leaders Friday, Mr. Clinton is grappling with a way to make amends with his family, his aides, the independent counsel Kenneth Starr and, indeed, the nation.

In 20 minutes, with little more than his scribbled notes to guide him, Mr. Clinton shed some light on how he boped to regain his personal and political footing.

He will not apologize, but he will

share his pain. He will not divulge the details of his extramarital affair with
Monica Lewinsky, at the time a White

Lewinsky grand jury, "was probably
not the best," Mr. McGovern said

wounds." And he will continue to count on a healthy economy, the prestige of foreign travel and loyal friends such as Senator Edward Kennedy, Democrat of Massachu-

setts, and black leaders to buoy him. The effort began in earnest Monday with a visit to Herndon Elementary School in Virginia before he headed off to Russia for a meeting with President Boris Yeltsin, one of the few politicians who appears to be in more immediate jeopardy than Mr. Clinton

these days. In private, the president has been trying to mend relations with lawmakers who may ultimately control his fate if Mr. Starr issues a critical report to Congress, as is widely ex-pected. Some said they were pleased that Mr. Clinton seemed more cognizant of his foibles last week than when he addressed the Lewinsky mat-

ter in a televised speech Aug. 17. In a limousine ride Thursday, Mr. Clinton told Senator John Kerry and Representative Jim McGovern, both Massachusetts Democrats, that the timing of the Aug. 17 address, just hours after he testified before the

House intern, but he concedes he is paying the price of "self-inflicted" Sunday on an NBC news program.
"We both did urge him to say more and to do so when he felt it was appropriate to make any more statements on that issue, said Mr. McGovern, who had been host to the president in Worcester.

But critics view much of the past two weeks as classic Clintonian spin from the whispered tales about familial hostility to the missile strikes in Afghanistan and Sudan, derided as a real-life version of the movie "Wag the Dog.'

The skeptics blanch when Mr. Clinton compares himself to President Nelson Mandela of South Africa, the late Reverend Martin Luther King Jr. and Representative John Lewis, Democrat of Georgia, a man revered for his bravery in the civil rights movement. Mr. Clinton's critics speculate that he is trying to generate sym-pathy before any more bad news comes out.

Representative Christopher Cox, Republican of California, said Mr. Clinton's semi-apology from the Vineyard sounded like another lie from a man who has already deceived

"The president is putting himself first and the country second," Mr. Cox said on a CBS news program.

MIDDLE BAST

ABHA ABU DHABI

POLITICAL NOTE

Maximum-Security Schools?

WASHINGTON — Going to class will be a little like boarding an airliner for many U.S. pupils this year as educators try to prevent another year of bloodshed in America's schools.

The children will walk through metal detectors and past the police or other guards. A stray word about violence could mean trouble if someone overhears and reports it — perhaps anonymously.

"What we're trying to do is parallel what airports are doing with their security so we don't have people even making jokes about violence," said George Freeman, a spokesman for Springfield, Missouri, schools. There, any pupil from kindergarten through high school who even atters a threat will be turned over to juvenile authorities and kept out of school until he or she is evaluated by a counselor.

Elsewhere, children will be wearing photo ID badges and toting book bags made of see-through materials. They are being given hot-line numbers to report, anonymously, signs that a schoolmate could turn violent, and some will face punishment if they do not do so.

These are the harsh realities for many of the 52.7 million pupils entering U.S. schools after a year in which four mass shootings took use have teachers in Jonesboro, Arkansas; Paducah, Kentucky; (AP) four mass shootings took the lives of students and Springfield, Oregon, and Pearl, Mississippi.

A State Quits Tobacco Talks

BOSTON — Accusing the tobacco industry of stalling, Massachusetts has pulled out of negotiations between nine states and cigarette makers trying to reach an out-of-court national tobacco settlement.

The Massachusetts attorney general, Scott Harshbarger, said he would focus on a lawsuit in state court. The state is seeking billions of dollars to reimburse Medicare expenditures on smoking-related diseases.

'Unless 'Big Tobacco' shows me they are willing to take more responsibility for protecting our children and improving public health, I am not interested in returning to negotiations with them," Mr. Harshbarger said Sunday. Mr. Harshbarger accused cigarette makers of back-

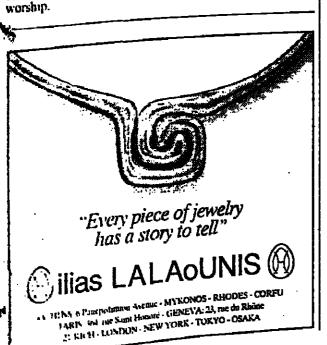
pedaling on earlier commitments to fund efforts to curb teenage smoking and reduce advertising and promo-tions. He also was upset that the industry is refusing to drop its opposition to being regulated by the Food and Drug Administration.

The nine-state talks followed a collapse in the proposed national tobacco agreement last year that would have paid \$368.5 billion over 25 years. The plan fell apart when Congress failed to vote on it. (AP)

Away From Politics

• An airplane with 97 people on board was quarantined at LaGuardia Airport in New York for two hours after a passenger who had been on the plane on an earlier flight claimed he had the deadly Ebola virus. He was found by officials in Montreal, where he had gotten off, not to be

• A teenager fleeing from the police in Kenner, Louisiana, crashed his stolen car into a car filled with children, killing crashed his stolen car into a car fined with children, aming four people and critically injuring four others, all within sight of the small brick church where the family was going to (AP)





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ASIA/PACIFIC

Moribund Malaysian Economy Gets Boosterism, Not Austerity

By Seth Mydans New York Times Service

BANGKOK — Driving what he said was the only Asian car to be parachuted onto the North Pole, Prime Minister Mahathir bin Mohamad of Malaysia led what he called the world's longest motorcade this weekend, a convoy of 1,988 Malaysian-made cars.

It was cheaper than building the world's tallest building, highest airport control tower or loftiest flagpole — all of which Mr. Mahathir accomplished when Malaysia was flush with cash during Asia's miracle years.

But the message was the same. As one group of spectators shouted as the 10-kilometer-long (6-mile-long) motorcade drove through the rain Sunday: ''Malaysia can!'

Boosterism is getting tougher these days as economic troubles deepen into recession and embolden the political op-

position to Mr. Mahathir's leadership. But the 72-year-old prime minister is fighting back. In what has been by Malaysian standards a lurid backroom brawl, he has sidelined his increasingly assertive deputy prime minister, Anwar Ibrahim, and seized control of economic

policy, turning it on its head in a gamble on the country's future. Turning away from the tight fiscal policies Mr. Anwar had been pursuing in his role as finance minister, Mr. Mahathir this month reasserted the expansionist approach he has always favored, lowering interest rates and raising gov-

writing interest rates and raising government spending.

Mr. Anwar, 51, who represents a younger political generation in Malaysia, has been Mr. Mahathir's heir apparent for the past six years, promising a very different, more liberal future for the country. The odd but successful coupling of their different styles and philosophies has been strained over the

past year as the economy sourced and as seen as close to Mr. Anwar — stepped Mr. Mahathir rattled foreign investors down in protest against the changes in with his attacks on currency speculators, neo-colonialists and Jews who he said were trying to ruin Malaysia.

Mr. Anwar was left to placate critics and at times to correct Mr. Mahathir's statements, and his profile and popularity rose - dangerously, as it turned out. Two months ago, at the annual gen-

eral assembly of the governing party, the United Malays National Organiza-tion, known as UMNO, Mr. Anwar's supporters tested their strength, mounting a tentative challenge to Mr. Mahathir's leadership. One speech raised accusations of corruption and nepotism code words drawn from the opposition in Indonesia that successfully toppled President Suharto in May.

The backlash was swift. Three editors

seen to be aligned with Mr. Anwar were forced from their jobs. The governor of the central bank and his deputy - also

down in protest against the changes in economic policy. And Mr. Anwar's clout was undermined by the appointment of his predecessor as finance minister, Daim Zainuddin, as a special economic adviser to the prime minister.

Mr. Anwar got the message and has retreated from the limelight, ostentatiously supporting Mr. Mahathir with statements like, 'Compared with the prime minister I am just a student; I cannot fight my teacher."

Mr. Anwar is still alive politically, but he is severely wounded, political

analysts say.

This latest episode has forced open Razak Baginda, executive director of the Malaysian Strategic Research Center. "A year ago I would have told you, no question that it is going to be Anwar. Now I think almost everybody has doubts that he'll make it to be number one."

Election Protest

By Cambodians

Again Rejected

Reuters

PHNOM PENH — The political crisis in Cambodia deepened Monday as the country's top legal body rejected all

opposition complaints over the election in July, which was officially won by

Hun Sen's governing party.

Opposition leaders said their protest campaign against the vote result, now in its second week, would intensify. Mr.

Hun Sen said force would not be used to

The Constitutional Council said it

had conducted a thorough investigation

of opposition complaints and had de-

cided to uphold a decision by the Na-

tional Election Committee to reject the

grievances because of a lack of ev-

The opposition, led by the deposed co-prime minister, Prince Norodom

Ranariddh, and his ally, Sam Rainsy, a former finance minister, alleges that Mr. Hun Sen's Cambodian People's Party

won the July 26 vote because of wide-

International observers said the vote

was sufficiently fair, but the opposition

was demanding recounts in numerous

constituencies and fresh votes in others.

immediately available for comment, but

an official from his Funcinpec party said that a sit-down protest outside Parlia-ment would intensify.

Prince Norodom Ranariddh was not

spread fraud and intimidation.

end the demonstration.

But as in Indonesia and other nations suffering through Asia's economic crisis, political maneuvering, even by a master, is no longer enough. Economic hardships, often subject to forces beyond national borders, can force political change. as they have already done in Thailand,

South Korea, Japan and Indonesia. On Thursday, Malaysia announced that it had fallen into its first recession in

that it had failen into its first recession in 13 years, with its economy shrinking by close to 7 percent after a decade of growth at an annual rate of more than 8 percent.

The construction sector — a key barometer of economic health — was down by 22 percent in the second quarter of the year, compared with 12 percent growth in the like period last year, the central bank announced. Nationwide memployment rose to 6.7 pertionwide unemployment rose to 6.7 percent in a country that recently imported workers to fill its needs.

Over the past year, the currency has lost 40 percent of its value against the dollar and the stock market has lost 75 percent of its total worth. More than 2,600 people are losing their jobs every week, according to the Human Resources Ministry.

Last month, with Mr. Daim now crefting an economic policy closer to

crafting an economic policy closer to Mr. Mahathir's heart, the government iaunched a stirmulus package called the National Economic Recovery Plan. It aims to hold down unemployment and keep businesses alive by lowering interest rates, pouring money into con-struction projects and financing lend-

The plan goes against economic orthodoxy and the prescriptions fostered in the region by international lenders.

Mr. Daim described it as "a package of programs to restructure the financial and corporate sectors without abandoning our social agenda.

But he also broke with the government's insistence on rosy pronounce-ments, conceding, "We are facing real-ity now and saying the good old days will not return.

The period of denial in Malaysia is over, said an artist who insisted that his name not be printed for fear of political repercussions. "Nerves are raw now," the artist said, adding that he was speak-ing for his friends in Malaysia's middle class. "We know things are going to be very hard, going to be terrible. So people are watching really carefully. There's no way anymore to go about hoodwinking the public."

But that doesn't mean you can't have a big party, maybe even the biggest in

For National Day celebration Monday, Malaysian officials were preparing what they call the world's biggest beach party, along with the world's biggest outdoor buffet, honored with the world's biggest pop-up greeting card.

BRIEFLY

Taleban Accuses Iran of Threats

KABUL — The Taleban movement on Monday accused neighboring Iran of threatening behavior for conducting military maneuvers on its border and warned Tehran against any escalation of tensions. Despite the "failure" of the "flagrant and shameless interference in Afghanistan by Iran, it intends to threaten Afghans by carrying out military exercises along

rying out military exercises along the Afghan border under the excuse of its missing spies, a Foreign Ministry statement said.

The statement was issued as Iran prepared to hold exercises in-

prepared to hold exercises involving 70,000 troops on its north-eastern border with Afghanistan.

Iran accuses Afghanistan of holding 10 diplomats and a reporter, who were captured when the Taleban mother took the city of Mazar-i-Sharif in northern Afghanistan early in August (Reuters) istan early in August. (Reuters)

Indian Train Hits Van, Killing 27

JAIPUR, India - A passenger train rammed into a van at an unmanned railroad crossing in the western Indian state of Rajasthan on Monday, killing 27 people and injuring 22, officials said.

"The train crashed into the van

at an unmanned crossing; 19 people died on the spot while eight died in the hospital, a police spokesman in the state capital, Jaipur, said.

The accident occurred in Udaipur district, 350 kilometers (220 miles) south of Jaipur.

Tsunami Attributed To Undersea Slide

LOS ANGELES — A scientific team that visited the site of the July 17 tsunami on the Papua New Guinea coast has theorized that the deadly waves were probably the result of an undersea landslide caused by an earthquake centered inland.

This is a different scenario from the one reported in some initial dispatches, which said the tsunami was set off by a magnitude 7.0 earthquake centered 20 kilometers

The team was headed by Pro-

fessor Costas Synolakis of the University of Southern California.

power in the Senate, is now vying directly with One Nation for the role of the

The Democrats began their campaign

tralia," and incorporating the confronting image of a torn Australian flag.
"One Nation uses an image of Pau-

Monday under the slogan "Vote Demo-crat to stop One Nation dividing Aus-

line Hanson wrapped in the flag," said Meg Lees, leader of the left-leaning

Australian Democrats Party. "I think

third force in Australian politics.

By Mike ()

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of president, Glavkos Kler escribed the latest proposa to achieve a mutually accep-tion in Cyprus."

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and for peace and security examine this proposal well this liberate opportunity." A Tention on Cypius has its

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Sumatrans **Stone Troops**

As They Leave

JAKARTA - An angry crowd pelset buildings on fire Monday in Aceh promised withdrawal of combat troops from the troubled region of Sumatra, witnesses reported.

They said soldiers preparing to depart from the industrial center of Lhokseu-mawe, on the northern tip of the island, fired into the air as thousands of people watching the ceremony hurled stones and shouted abuse.

"Rapists!" "Dogs!" and "Pigs!"

the crowd yelled. When the troops left in a convoy of trucks, the mob attacked buildings and

cars, setting some on fire.

Although the attacks initially targeted properties and businesses of eth-nic Chinese, the stoning later spread to

A prison was attacked and dozens of inmates escaped, witnesses said.

Witnesses said security was absent for most of the day until 100 soldiers and police officers appeared as the crowds were setting fire to buildings. They did not intervene

'The troubles are still going on and police units are already deployed in town," First Sergeant Achmad Razali



Students, demanding that a pulp plant in Sumatra be shut down, rallying Monday in front of the company's Jakarta headquarters. Indonesians have long protested the plant's effect on the environment.

said as dusk fell.

Inhabitants of the staunchly Muslim province charge that the army was responsible for abductions, torture, rape and the dumping of hundreds of victims in mass graves during a nine-year crack-

down against a separatist insurgency.
The armed forces chief, General Wiranto, flew to Aceh early in August to offer an apology for army abuses during the crackdown. He announced an end to military op-

erations and said all combat troops would be out within a month. A Defense Ministry spokesman said the withdrawal of 658 troops Monday, including 28 members of the feared

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Kopassus elite forces, meant all combat troops had been removed from Aceh. In the first stage of the withdrawal, 250 soldiers exited Aug. 20, to jeers.

Indonesia has removed troops in recent months from Irian Jaya and East Timor, where it also faced separatist insurgencies. (Reuters, AFP)

■ Riots on Lombok Island

Hundreds of people rioted Monday on the eastern Indonesian island of Lombok, leaving at least 13 injured, when the authorities ignored public protests and installed a government-backed governor, Agence France-Presse reported.

Reject Racism, Ex-Leaders Urge Australians

SYDNEY — Four former prime min-isters issued an open letter Monday calling on Australians to reject politicians who campaign on racism in the national election scheduled for October.

The former leader of the Liberal Party of Australia, Malcolm Fraser, and three former leaders of the Australian Labour Party, Gough Whitlam, Bob Hawke and Paul Keating warned, "Racism is an unmitigated evil, it is immoral, it does Australia significant harm through Asia

and in the wider world."
"It destroys our self-esteem and self-respect," they said. "In Australia it would pit Australian against Australian. It would be destructive of our soci-

ety."
"At this election everyone has the opportunity to demonstrate that there is no room for racist politics in Australia," they continued. "We therefore urge you

day called an early election for Oct. 3, declaring economic management would be the key issue in his re-election

element of racism last in the election.

Prime Minister John Howard on Sun-

But Aboriginal and ethnic leaders and political commentators said the issue of race would be a major undercurrent because of the rise of Pauline Hanson, head of the anti-immigrant One Nation

Analysts say Ms. Hanson's party could win enough votes in the Senate to control the balance of power there, largely by attracting disillusioned conservative voters from Mr. Howard's Liberal-National coalition government

voters rank candidates in order of pref-

Under Australia's electoral system,

The Australian Democratic Party,

the future of Australia if One Nation gets its hands on power is more accurately represented by the torn flag." Ms. Hanson contends that Aborigines receive privileged treatment by the gov-

ernment at the expense of other Australians and that Asian immigrants are taking away jobs. Those assertions are dismissed as untrue by most other politi-

MISSILE: North Korea Test-Fires Rocket Into Waters Off Japan

Continued from Page 1

and Libya, has counted on its missile program to bring billions of dollars into its economy.

The North is not believed to have marketed the two-stage, liquid-fueled Taepo-Dong-1 abroad but is reportedly working on the Taepo-Dong-2, with twice the range.
Initially, however, the South Korean

government sought to minimize the implications, interpreting the firing as a politically inspired device to build up Kim Jong II, North Korea's leader, as he prepares to accept the title of president

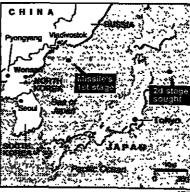
on Sept. 9.
"One possible interpretation is they are preparing for the official inauguration of Kirn and fired the missile as a symbol of their achievement," said a senior aide to President Kim Dae Jung, who has repeatedly called for talks with the North and most recently suggested exchanging envoys.

The North fired the missile as del-

egates to the Supreme People's Assembly were gathering in the North Korean capital of Pyongyang for its first session in eight years. The 700-member assembly opens Saturday, largely for the purpose of electing Kim Jong II as

South Korean officials also believed the firing was intended to strengthen North Korea's position in talks between U.S. and North Korean diplomats in New York. Charles Kartman, leader of the U.S.

negotiating team, was expected before the missile-firing to ask the North on Monday to permit U.S. inspectors to look at an underground facility that American officials say was designed for nuclear warheads in violation of an agreement reached at Geneva in 1994, U.S. officials said satellite photographs showed thousands of workers building



Under terms of the agreement, North Korea promised to give up its nuclear program, while the United States agreed to provide 500,000 tons of heavy fuel oil during construction of a nuclear power

Observers noted that the North has been angered by delays in shipment of the fuel oil amid debates in the United States, Japan and South Korea about whether to go on financing the nuclear

power plant.

"Firing the missile is a negotiation card for talks with the United States," said Huh Moon Young, leader of the national policy team at the Korea Institute for National Unification. "That means they can develop their capability to strike Japan, and some day they can strike the United States."

Mr. Huh said the North had designed the missile, which has twice the range of the Rodong, in the 1980s but had never He said the missile was named by

American intelligence analysts, who learned from satellite photographs that it was under construction near a town named Taepo-Dong.

By coincidence, the Korean Peninsula Energy Development Organiza-

tion, known as KEDO, the agency responsible carrying out the power plant project, issued a draft resolution Monday reconfirming the commitment of all the governments. South Korea was to provide 70 percent of the cost of the

Shortly after the news of the missile-bowever, both firing was confirmed, however, both South Korea and Japan said they were reconsidering their roles in the project. Outraged Japanese officials said they had "suspended signing" the resolu-

South Korea warned that the resolution was in danger but was anxious to await an explanation or at least a commentary from the North. The South has adopted a policy of forbearance in hopes of reconciliation despite the North's ap-parent rejection of President Kim's

The missile-firing was likely to have as much impact on Japan as on South Korea. Japan recently restarted talks with North Korea on normalizing relations with North Korea, whose missile capability is viewed as an immediate threat to Japanese security.
Prime Minister Keizo Obuchi of Ja-

pan said he was considering "measures" but did not elaborate. He indicated North Korea may have warned of plans to test-fire a missile, saying he had "heard about it" beforehand. Japanese newspapers reported two weeks ago that North Korea was planning to test-fire a missile before Kim Jong It's election as president.
The U.S. secretary of state.

Madeleine Albright, expressed oncern about the test-firing and said American officials would be raising the matter with the North Expression of the control with the North Koreans.

We are concerned about it, as are the Japanese and the Russians, and this is something that we will be assing with the North Koreans" at the talks in New York, she said.

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NEWTON

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NICOSIA -- The Turk Rauf Denktash, called on t Monday to accept a loose or states on Cyprus, in a fres the division of the Mediter We have come to a sta to take a new step in the manent settlement between

Greece rejected the prop would only entrench the is The proposal "essentiall division and occupation in said a government spokesn pas. Mr. Reppas said th against UN resolutions of

have held years of failed t federation to reunite Cypt Turkey invaded in 1974 in n Cypriot coup backed by At But Mr. Denktash said eration, with Turkey and security puaranters, would target after years of binera Mr. Denktash, a veteran n sparred inconclusively will

Must governments topac-riest administration hal by N only government on Cypruself-declated Turkish Cyp ognized only by Turkey. II

sponse to his proposal from "I call on Klerides for the

EUROPE

Albright Firm on Dayton Pact

Visiting Sarajevo, She Rules Out Any Revision Over Bosnia

SARAJEVO, Bosnia-Herzegovina — Madeleine Albright, the U.S. secretary of state, has strongly rebuffed lingering Serb and Croat sentiment to partition Bosnia.

Dayton Accords," she said Mon-

had seen in a two-day trip to Croatia and Bosnia: Refugees are returning in the aftermath of a bloody conflict

Appearing with her were Alija Izetbegovic and Kresimir Zubak, the Muslim and Croat presidents in a

and, with U.S. and other assistance, ment. The Serb leader, Momcilo homes and industries are being re-

retary of state, has strongly reflect lingering Serb and Croat senant to partition Bosnia.

"There will be no revision of the hyton Accords." she said Mon-

that ended nearly three years ago three-way power-sharing arrange-

■ Visit a Strong Symbol Steven Erlanger of The New York

Times reported earlier: Mrs. Albright slept Sunday night in Sarajevo's refurbished Holiday

Mrs. Albright added after talks with Muslim and Croat leaders that a just peace in Bosnia-Herzegovina required that the capital be an open city, hospitable to all ethnic groups.

Output II she and her advisers said

Mrs. Albright, at a news conference, said the city "looks more normal" since her visit in May 1997.

"It has achieved peace," she adramatic symbol, U.S. officials said. "Now it is important that the people get what they had before the war — security and the right to in 1995. But most of Mrs. Albright's long

day in Croatia and Bosnia was de-voted to pressing divided communities - Serb, Croat and Muslim to make the still-artificial Bosnia closer to the multiethnic democracy envisioned in the Dayton Accords, but far from reality on the ground.

With most of the world's atten-tion now on the civil war in nearby Kosovo, U.S. officials are deeply concerned about Bosnia's next big test — full-scale elections in two

On Sept. 12 and 13, the various the three joint presidents of the enand Parliaments of its two constitu-Croats and Muslims.

The number of American troops patrolling Bosnia has gone up from 6,900 to 8,500 with rotations carefully staggered for this election season, Pentagon officials said, to tamp down any new violence.

Most important to American officials, however, will be the contests among the Bosnian Serbs.

as his candidate for the Bosnian communities of Bosnia will vote for Serb presidency, Biljana Plavsic. Mrs. Playsic is a committed Serb

tire country, as well as the presidents nationalist, but in the last 18 months she has worked to get the benefits of ent parts, the Bosnian Serb Republic compliance with the Dayton pact and the federation between the that ended the war. This has meant that ended the war. This has meant \$100 million in U.S. aid this year

Asked about the situation in Kosovo, where President Slobodan Milosevic of Yugoslavia is trying through harsh measures to repress an independence movement, Mrs. Albright renewed a warning of possible retaliatory air strikes by

Madeleine Albright, the U.S. secretary of state, with Alija Izetbegovic, a Bosnian leader, as she discussed her talks Monday in Sarajevo.

confirm the decline in support for mander, General Wesley Clark, on hard-line Serbs who still support an indicted war criminal, Radovan Karadzic, and ratify the pro-Dayton line of the woman who broke with west was serious about demanding West was serious about demanding Mr. Karadzic after he anointed her a halt to the burning of villages and creation of refugees, especially with

winter coming on. "The tragedy of watching the people expelled from their homes and the various killings are not something the United States and its

European allies can tolerate much longer," Mrs. Albright said. In fact NATO is divided about using force over Kosovo and opposes independence for the Serbian province, as its majority ethnic Al-banians prefer. Some member comtries say they want a UN Security Council resolution authorizing force before NATO uses it. And so far Western threats of force have

BRIEFLY

Turkish Police Halt 'Peace Bus' And Detain More Than 120

ISTANBUL — Turkish police detained more than 120 people Monday, including leading civil rights campaigners, as they were about to start a rally calling for a peaceful

solution to the Kurdish conflict in southeast Turkey.

The protesters were to have traveled by bus from Istanbul to the southeastern city of Diyarbakir, arriving Tuesday for a World Peace Day demonstration. Along the route, their "peace bus" was to have stopped off in several cities, including Ankara, the capital, for meetings with rights groups.

Riot police surrounded the protesters and those who had come to see them off in central Istanbul and dragged them into waiting police buses.

Senior members of the Human Rights Association and the Istanbul head of the Kurdish People's Democracy Party were among the 127 people detained, according to the Anatolian news agency.

Basques Open Vote Campaign

MADRID - The president of Spain's Basque region, Jose Antonio Ardanza, dissolved the regional legislature Monday in preparation for elections set for Oct. 25.

The campaign was all but certain to focus on conflicting visions of how to bring peace to the Basque region after 30 years of bombings and assassinations by the guerrilla group ETA (Basque Homeland and Liberty).

Mr. Ardanza's Basque Nationalist Party has held talks with radical separatists on starting a peace process modeled on that in Northern Ireland.

No Surveillance of Scientology

BERN - Switzerland said Monday that it saw no need to place the Church of Scientology under nationwide surveillance by intelligence agents, as Germany has done. Scientology shows totalitarian traits, but there is no basis for surveillance, a government commission said. But it said the situation would be reviewed later.

In June 1997, Germany placed Scientology under scrutiny, citing alleged undemocratic aims.

In contrast, extreme and totalitarian views can only be monitored in Switzerland if they involve crimes against

Rogue Balloon Visits Russia

Train Hits

ti William

Listin Nich

listand, and moved into Russian inspace and may have crashed in the Barents Sea after Canadian fighter aircraft punctured it, Norwegian officials said.

"We have warned Russia to be on the lookout for the balloon," em Norway said.

The balloon, as tall as a 25story building and regarded as a chewan to measure ozone levels. hazard to air traffic, entered Rusthe Barents Sea just north of the Arctic island of Spitzbergen.

We think it was losing height land in the Barents Sea," he said. down.

OSLO — A rogue weather balloon from Canada drifted into Russian airspace Monday but was Island, and moved into Russian "The balloon entered Norw

The unmanned balloon has traveled cross the North Atlantic Oeystein Kroghseter at the Bodoe over Iceland and Norway. It went air traffic control center in north- out of control after being launched Aug. 24 in the western Canadian province of Saskat-

Commercial air traffic over the sian airspace about 7 A.M. over North Atlantic had to be rerouted to avoid the helium-filled balloon, which defied some attempts by jet fighters from Canada, Britain and and one possibility is that it will the United States to shoot it

Washington wants these elections

She was meeting the NATO comproven to be hollow.

In Kosovo, More 'Cleansing'

Ethnic Albanians Rid a Mountain Village of Serbs

By Mike O'Connor New York Times Service

PRISTINA, Serbia -- The six front windows of Rade Smigic's hillside home in the village of Leucina open out on a bucolic panorama that starts with pear trees in the yard villagers is that the p and then broadens to a valley with the family's from somewhere else. fields and the homes of the ethnic Albanians with whom they had shared a simple rural life for as long as anyone can remember.

northern Kosovo's mountains first: the large ethnic Serbian family that lived in areas con-Smigic family, ethnic Serbs with eight houses, or the ethnic Albanians who have about 90 households. People throw up their hands at the rights workers believe they have been killed. question and say it was centuries ago.

"We could have lived together for a thousand years more, there were no problems between Albanian and Serb in our village,"
said Halim Dervishi, an elder of the local
ethnic Albanians. "They took water from my
well for their fields. We had the same life."
Despite the fondness with which the Smigic

Turkish Cypriot ${\bf Suggests\ Loose}$ Tie With Greeks

NICOSIA — The Turkish Cypriot leader, Rauf Denktash, called on Greek Cypriots on

states on Cyprus, in a fresh bid to overcome the division of the Mediterranean island.

"We have come to a stage where we have to take a new step in the direction of a permanent settlement between two equal sides."

Montenegro — to be sure that they would not be kidnapped.

The police in Pristina say they have no clues to the whereabouts of the missing.

By official estimates, there are about and the police in Pristina say they have no clues to the whereabouts of the missing. manent settlement between two equal sides,"

the said at a news conference in the Turkish
sector of the divided capital, Nicosia. "Our control the government and security forces. proposal is a confederation."

Greece rejected the proposal, saying that it would only entrench the island's occupation

and division. The proposal "essentially asks to make the The proposal "essentially asks to make the proposal "essentially asks to make the kidnappings started in April, weeks after a said a government spokesman, Dimitris Repsaid a government spokesman and small towns where a tew Seros involutional the kidnappings started in April, weeks after a police crackdown on rebel forces swelled police crackdown on rebel forces s pas. Mr. Reppas said the proposal went against UN resolutions on Cyprus, which have formed the basis of all international efforts to end its division.

The two rival communities on the island have held years of failed talks on creating a

security guarantors, would be a more realistic target after years of hitterness.

Mr. Denktash, a veteran negotiator who has sparred inconclusively with the Greek Cyp-not president, Glavkos Klerides, for decades, scribed the latest proposal as "a final effort to achieve a mutually acceptable lasting solu-

tion in Cyprus.

Most governments regard the Greek Cypriot administration led by Mr. Klerides as the only government on Cyprus. Mr. Denktash's self-declared Turkish Cypriot state is recognized only by Turkey. The two are divided by a buffer room paraphled by LiN forces. by a buffer zone patrolled by UN forces.

Mr. Denktash said he was awaiting a response to his proposal from the Greek Cypriot side of Nicosia. Leall on Klerides for the sake of our island

and for peace and security in the region, to examine this proposal well and not to waste this historic opportunity, "Mr. Denktash said. Tension on Cyprus has risen since the Cypmot government ordered Russian anti-aircraft missiles to be delivered. Turkey has threatened with.

to use force to prevent their deployment. Turks, who fear a loss of influence because Turkey is not a member of the EU, while Greece is. The bloc has put Turkey's membership hid on indefinite hold.

family is remembered, its homes have been torched. What is left of Rade Smigic's home is the framing around the front windows, piles of ashes and the family photographs that someone has meticulously tom into pieces.

The only explanation from ethnic Albanian

villagers is that the people who did it came

After a wave of kidnappings and terror, which foreign diplomats and human rights workers say is part of the strategy of ethnic No one knows who settled in the village in Albanian rebels, the Smigics and nearly every trolled by the rebels have fled or disappeared. More than 80 Serb civilians are missing, and

Now, Serbs in urban areas speak of a spreading terror that is driving many of the relatively tiny number of Serbs in the province of Kosovo to leave. Government officials, facing an exodus that undermines their right to rule a province where Serbs are an eversmaller minority, acknowledge that they can-not stop the kidnappings and are suppressing information about how many Serbs are fleeing to avoid panic.

"The number of people who slip away daily is, who knows — dozens, more?" said an official, who asked not to be identified for fear of government retribution. "We are not tracking them because we don't want to have figures that are dangerous to have. But I believe that by now the official estimate that Serbs make up 10 percent of Kosovo is probably wrong by about half."

She added that she had sent her children to

live with relatives in another part of Yugoslavia - now consisting of Serbia and

Most ethnic Albanians, who make up almost all the rest of the population, want to form an

independent nation.

Dotted around the territory dominated by ethnic Albanian rebels are dozens of villages began abducting Serbs on rural roads or from isolated farms.

That caused such alarm that most Serbs in nave neld years of ranco talks on creating a federation to reunite Cyprus, divided since Turkey invaded in 1974 in response to a Greek Cypriot coup backed by Athens.

But Mr. Denktash said a looser confederation, with Turkey and Greece acting as creation, with Turkey and Greece acting as creation. asked to remain anonymous out of fear of becoming targets for abduction themselves. A rebel attack on the city of Orahovac in

mid-July was accompanied by the abduction of more than 50 people, although 36 were subsequently released to the Red Cross. Two employees of a Serbian radio station are thought to have been kidnapped when they strayed into rebei territory two weeks ago.

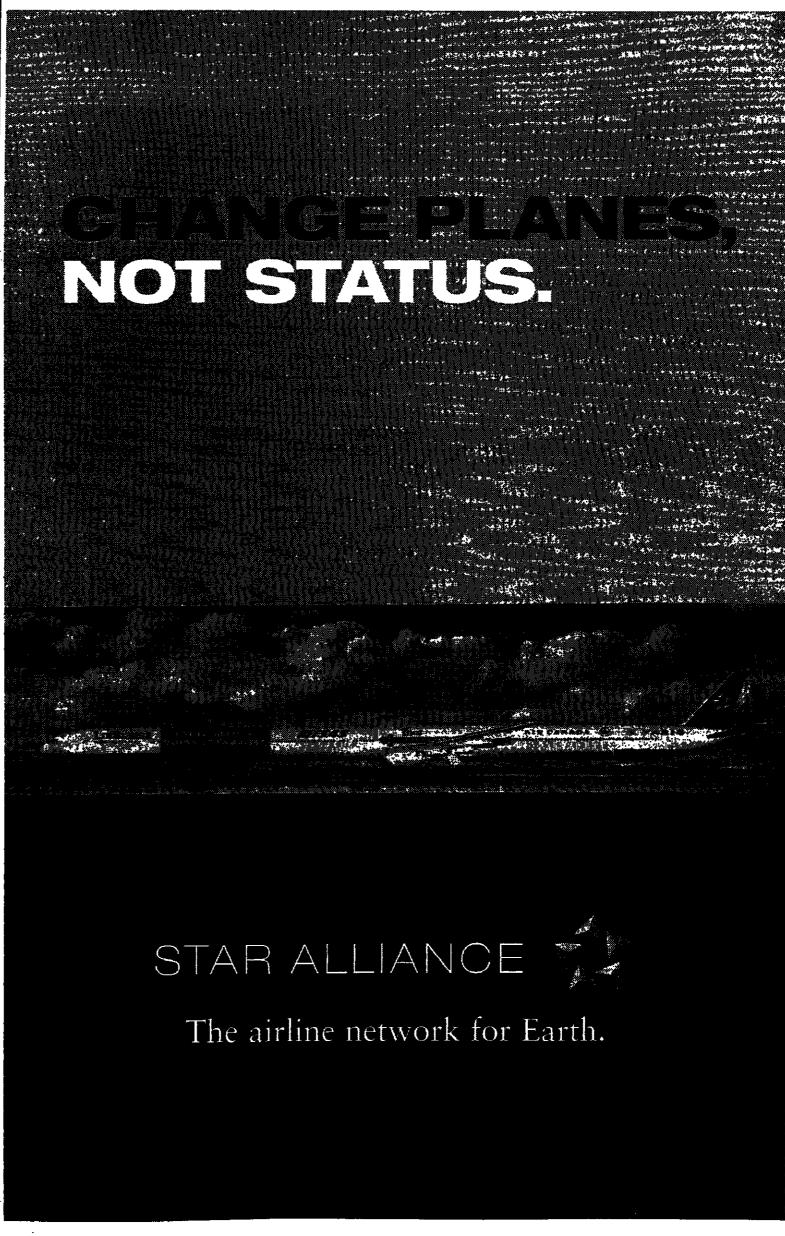
In Leucina, all but the four eldest members of the Smigic family had fled by June.

Dostana Smigic went back to persuade them to leave, but was abducted near the village and is still missing. Then men in rebel uniforms came for the four old people, according to Kristiva Smigic, 70, who said she ran away just as the men arrived. Her three other rela-

tives have disappeared.

Kristiva Smigic and most of the rest of the family have now moved to Kragujevac, about 320 kilometers (200 miles) away in central Yugoslavia, where Rade Smigic, 38, blames the rebels, not the ethnic Albanians he grew up

The Cypriot government's application to the European Union has also angered the in the European Union has also angered the ink, who fear a loss of influence because inks, who fear a loss of influence and the European Union has also angered the influence because inks, who fear a loss of influence because inks.



INTERNATIONAL

Yeltsin and Communists: Incompatible Bedmates With Conflicting Ideas

By Michael Wines
New York Times Service

MOSCOW - President Boris Yeltsin's government and the Communists who dominate Parliament have plenty of ideas for keeping the country from sliding into insolvency, social chaos and Third World status. The problem is that their ideas are diametrically

It is hard to conduct government by consensus if there is no consensus. And seldom have two political bedmates been more incompatible than these.

Nor is the mismatch going to disappear, even if global pressure in the form of President Bill Clinton, who arrives Tuesday, persuades the two sides to glue together some sort of an agree-

glance at the last six years of divided coons. government in the United States shows that democracy in action is not an especially appetizing sight.

The problem, of course, is that most banks. Western democracies accept the rule of powers among execu-

strides. Russia is still a place where rumors of coups are taken seriously and unpopularity — affects not only his said that he power but his legitimacy.

Consider a few contradictions: Mr. Russians.

Yeltsin and his acting prime minister, Viktor Chernomyrdin, have concluded that Russia's salvation hinges on adoption of Western market capitalism,

The Communist Party, led by the legislator Gennadi Zyuganov, wants to renationalize major industries and the

Mr. Chernomyrdin, who was rejected law and the division of by the Duma in an initial confirmation vote Monday, has pledged to do what it ANALYSIS

tives, legislators and takes to persuade the West's line-of-sunday evening.

strides, Russia is still a place where trampers of cours are taken seriously and states to persuade the West's line-of-sunday evening.

It is surprisingly years into democratic definition of the power-strike surprisingly taken to the power-surprisingly to the power-surprisingly to the power-surprisingly to the power-surprisingly taken to persuade the West's line-of-sunday evening.

It is surprisingly the power-surprisingly taken to persuade the west's line-of-sunday evening.

It is surprisingly the power-surprisingly taken to persuade the west's line-of-sunday evening. tions of a \$22.6 billion loan package where the popularity of a leader — or his agreed to last month. Mr. Zyuganov has said that he wants the terms of the package rewritten to ease its bite on ordinary

> Mr. Chernomyrdin talks of a Europeanized Russia. Mr. Zyuganov dreams of Soviet days gone by, and Parliament's nationalist bloc still foundly

shifted to Parliament via a new Con-free-market theorists and a prime minstitution. Whatever Mr. Chernomyrdin thinks, Mr. Yeltsin is still president, and he is dragging his feet on those ques-tions. That may have been the clincher that led Mr. Zyuganov to reject so publicly the power-sharing agreement on

It is surprisingly easy to forget, seven years into democratic Russia, that Mr. Yeltsin became president by ousting a Communist system that he has re-peatedly called cruel and despicable. For his part, Mr. Zyuganov has long been organizing a nationwide strike against Mr. Yeltsin's government scheduled for

If their mongoose-and-cobra alliance had been arranged, the new government his popularity go into precipitous de-

ister whose most ardent supporter is Boris Berezovsky, a capitalist in the bloodless image of Commodore Vanderbilt.

Many Russians, though disillusioned, still hope for a democratic future. But a hard core of 25 percent or so would still support a Communist system of goverument, and an unknown number of others look for an autocrat to lead them out of troubled times.

One of the things that makes Russia's fiscal collapse so devastating is that it has laid bare that absence of consensus about where Russia should be going next.

Mr. Yeltsin was re-elected in 1996 with 53.8 percent of the vote but has seen

Westerners have no right to snicker. A even if Russified by a coterie of transce at the last six years of divided coons.

The Communist Party led by the last six years shows

The Communist Party led by the last six years of divided coons.

The Communist Party led by the last six years of divided coons.

The Communist Party led by the last six years of divided coons.

The Communist Party led by the last six years of divided coons. of the Russian Constitution as well. If no compromise is reached, Mr. Yeltsin could dissolve Parliament and

call for new elections, hoping to win a few new supporters to his side. In the interim, Russia remains oarless at a point when almost everyone agrees

that there is no time to waste. Alexander Lebed, the retired army general, once and future presidential candidate and leading prospect in some eyes to become Russia's next autocrat, is even more blunt. "The choice is simple," he said Sunday. "The confirmation of the prime minister, formation of a new team of energetic people and the presentation of a program for leading Russia out of crisis - or a total breakup.

As Clinton Visit Approaches, IRA Denies Role in Blast, **But It Refuses to Disarm**

By James F. Clarity New York Times Service

DUBLIN - The Irish Republican Assembly. Army, which has been keeping a cease-fire for 13 months, denied Monday that it had anything to do with the terrorist attack by an IRA splinter group that killed 28 people on Aug. 15 in Omagh, in the British province of Northern Ire-

The outlawed, overwhelmingly Roman Catholic guerrilla organization also rejected demands that it disarm in the ar future and state that its war against British sovereignty is over.

The rare public statements, made by an unidentified IRA leader in an in-

DEMOCRATS: Clinton Impairs Party

Continued from Page 1

was too soon to tell whether it would emerge as a pivotal issue.

Still, Democrats around the country said they were far more dispirited than when the Lewinsky matter surfaced in late January, when many in the party rallied around Mr. Clinton and went on independent counsel.

insky has left the administration on the Northern Ireland. defensive, with White House officials insisting that no Democratic candidates Adams, have been under increasing the most to lose if Russia turned away

White House last week and said that they would like the president to be the featured guest at their fund-raising events.

Prominent Democrats said they had never before experienced a time when many of their party's candidates were weighing whether they would want him to campaign for them.

Asked whether he would want Mr. Clinton to campaign on his behalf. David Wu, a lawyer locked in a House race in Oregon, hesitated and said: "It's clearly a tough one. The future's really hard to see, and I think it will turn very closely on what's in a Starr report.'

Pressed further about a trip by Mr. Clinton, Mr. Wu said, "I'd ask him, Who's paying the transportation

He would agree to a visit, he said, if Mr. Clinton emphasized only issues and 'if we could cut enough of a deal" so Mr. Wu's campaign would not pay too

In Texas, Representative Charles Stenholm, a conservative Democrat, late last week began broadcasting a television commercial that criticizes Mr. Clinton. After a narrator cites Mr. Clinton's veto of defense projects for the district,

Mr. Stenholm says: "I've a rays be-lieved in doing what is right for the people of the 17th District, regardless of what the president says or what the leaders of my own party are saying. And that will never change.

In closing, the narrator says: "Charlie Stenholm. Our values. Our congress-

until now let Mr. Clinton's troubles ership, it added. speak for themselves, there are signs of a growing willingness to take on the president directly.

Gil Aust, a Republican running for the commercial last week urging Mr. Clin-

ton to resign.

"The headlines tell the story," the announcer intones in the ad. "President make it clear that there will be no decommissioning by the IRA."

U.S. Shuts, for Now,

Embassy in Ghana

ACCRA, Ghana - The United

States said Monday that it had tem-

porarily shut down its embassy and

other government facilities in the

Ghanaian capital, Accra, because of "increased threats" to them.

A statement issued by the em-

bassy said similar threats, which it

did not spell out, had been received regarding U.S. facilities in neigh-

"The embassy will, however, of-

fer services in emergency cases,"

boring Togo.

terview, were an attempt to improve its own image and to help its political wing, Sinn Fein, in the new Northern Ireland The assembly reconvenes in two

weeks to try to put into effect the provisions of the peace settlement approved

Some officials and analysts noted that the interview was released four days before it would normally be published, in Dublin, in An Phoblacht, a Republican weekly with IRA contacts.

The statements seemed timed to improve the images of the IRA and Sinn Fein before the arrival of President Bill Clinton in Belfast and Dublin at the end

backing from American supporters.
"There are some good things, some things not so helpful" in the interview statements, said Mo Mowlam, the British Northern Ireland secretary.
Ian Paisley Jr., son of the hard-line

Protestant leader and a member of the assembly, said the statements were "deseen to be doing something hours before support if Russia keeps trying.

President Clinton touches down in Chancellor Helmut Kohl of Germany, The swirl of publicity over Ms. Lew- President Clinton touches down in

had asked Mr. Clinton to stay out of their states.

The officials also said that state parties

The officials also said that state parties also said that st in Ohio, New York and Rhode Island, come from Protestant unionist leaders, itude for its willingness to countenance expecting that some candidates might who insist that Mr. Adams may not be German unification eight years ago. permanent

attempt by the IRA to clear itself of are, he has his responsibilities. charges that it had helped the splinter group, calling itself the Real IRA, comscolding the president and openly mit the deadliest atrocity of the 29 years of sectarian violence in the North. Such speculation led unionists to insist that because the IRA might have been involved in the Omagh attack, Mr. Adams, by association, should be ejected from

If that happened, the IRA would be expected to resume its violence and the five-year-old peace effort could collapse in a new round of killing by Catholics, who want more power in the North and closer ties with the Irish Republic, and Protestants, who want to remain part of

The statements Monday weakened those anti-Sinn Fein arguments among mainstream politicians, and apparently helped Sinn Fein's image with nonhard-line Catholics and Protestants in the North.

The statements also called for the disbanding of the Real IRA, describing it a small group of renegades that had broken away from the main IRA after the Republicans decided to call a cease-fire in July 1997. The cease-fire led to the peace agreement that produced the assembly. which includes Sinn Fein members, widely recognized as the IRA's repre-

The splinter group received no "materials" for military operations, the statement said. Rather, the dissent was a Though most Republican candidates failed effort to destabilize the IRA lead-

On the demands that it state "the war is over" and that disarmament begin, the IRA leader said the organization con-Gil Aust, a Republican running for the sidered the peace agreement a "sig-House in Alabama, began broadcasting a nificant development. That remains our view. We made our position absolutely

PARIS --- Alexander Lebed, the hard-

line retired Russian general who is a sharp critic of President Boris Yeltsin,

said in an interview published here Mon-

day that Russian soldiers, officers and

their families were "in a revolutionary

"What mood do you think the army is

in when officers haven't been paid for

five months?" he said in the interview

"Wives are storming the division headquarters," he said, "and the com-

mander says: 'As long as you've got earrings you've got nothing to complain

about. The army is in a revolutionary

Mr. Lebed, elected this summer as

with the French daily Le Figaro.



Mr. Clinton helped further the peace A militiaman passing Russia's central bank in Moscow, where pickets on Monday were demanding the effort by supporting Sinn Fein. The resignation and trial of the bank's chairman, Sergei Dubinin, because of the national financial crisis.

CLINTON: Diminished Personally, He Retains Presidency's Aura

Continued from Page 1

would be canceling it.'

The worst outcome of the crisis in Russia, most European leaders say, would signed to perpetuate the myth that there are good and bad terrorists, that the good and, eventually at least, its commitment to are good and bad terrorists, that the good and, eventually at least, its commitment to terrorists are telling off the bad ones so we can all sleep easily. It is a mean-still capable in their eyes of delivering the withdrawal from the West Bank has the attack against Kenneth Starr, the ingless statement driven by a need to be message that the West will continue its been weakened with it.

unless the IRA declares its cease-fire vision interview a week ago, "Bill Clinton is the number one in the world. The interview statements were also an Whatever American domestic politics

"The Americans have to exercise their leadership role," Mr. Kohl said. "In contact with Russia, Indonesia or Japan, to name only a few problem areas, it's absolutely necessary. There is no let-up, not for the president of the United States.

So there is some built-in sympathy on this side of the Atlantic for the president

in his hour of difficulty.

President Jacques Chirac of France referred to his "personal friendship" for Mr. Clinton in a speech to French ambassadors in Paris last week. But he also ticked off a list of differences between Washington and Paris, saying that the United States had an isolationist and unilateral streak that created problems on issues ranging from American refusal to pay dues to the United Nations to the American proclivity for economic sanctions and embargoes on countries that

defy Washington's wishes. In Europe, Africa, South America and Asia, as in much of the rest of the world, there is bafflement about a country where a president's foes can use his sex life to attack him politically.

'Is this an advanced form of democratic political conduct?" the French foreign minister, Hubert Vedrine, mused the other day. It seems more like a kind of puritanical political persecution to the French, he said, or an outgrowth of iso-

John Biehl del Rio, chief of staff to President Eduardo Frei of Chile, said, "Outside the United States, we do not give this issue the same importance. We are all praying, or at least crossing our fingers, that he is not hurt by this. The world faces a recession and the United States is holding the economy of the world together almost alone."

Turni Mahabane, deputy editor of a black youth magazine in South Africa called Y, said, "I don't think people should look to presidents for moral authority. Presidents should steer coun-

Lebed Warns Military Is in 'Revolutionary Mood'

Siberia, said Russia was "on the verge

of a social explosion" in the wake of the

recent ruble devaluation and devastating

economic downturn. "Power could col-

But he endorsed Acting Prime Min-

"The country is falling, and only a heavyweight can slow its fall," said the

veteran of the war in Afghanistan. "For

various reasons, all the heavyweights are

'It's in everybody's interest 's sup-

port him," Mr. Lebed added. "If not,

lapse within 24 hours," he said.

ister Viktor Chernomyrdin.

the collapse."

we're going to drown."

tries. Their morality is peripheral."

But in the Arab world, the dominant view of many officials, commentators and ordinary people is that the American presidency has been weakened by the leviples accorded and that American proposal for a certification proposal for a certific Lewinsky scandal and that American

"It is no longer possible to plan any policy with them," a senior official in Saudi Arabia, a key U.S. ally, said after orthern Ireland."

who is fighting against the odds for re-Saudi Arabia, a key U.S. ally, said after
Sinn Fein and its president, Gerry election Sept. 27, would have perhaps Mr. Clinton's decision to bomb what he said were terrorist training camps in from a pro-Western course. Mr. Kohl's Afghanistan financed by Osama bin government and German banks have lent billions to Moscow, partly in grating for its unillimater. Afghanistan financed by Osama bin Laden, a renegade Saudi millionaire, and a pharmaceutical plant in Sudan that American officials said produced a key

component of nerve gas. deep Islamic foundation," this Saudi official, who asked not to be mentioned by name, said. "Public opinion here is already persuaded that this administration is the most pro-Israeli, anti-Arab and anti-Muslim in American history.' Indeed, it is widely believed in many Islamic countries that Ms. Lewinsky was Israeli agent placed in the White

Libyan Denounces

Agence France-Presse

The official described the pro-

posal as a "lie" and said it was

lesigned to "evade" a unilateral

lifting by the Organization of Af-

rican Unity of the air embargo im-posed on Libya by the United Na-

"This proposal is aimed at cir-cumventing the resolution of the

Organization of African Unity to no

longer respect the air embargo im-

posed on Libya," the official said in

a statement sent to news agencies.

stop respecting the air embargo imposed on Libya in 1992 for its refusal

to hand over for trial the two suspects

in the 1988 Pan Am bombing over

Lockerbie, Scotland, that killed 270

people.
The resolution was to go into

effect Tuesday. Libya last week welcomed the

offer by Britain and the United States

to hold a trial for the two Libyan

intelligence agents in the Nether-

lands using Scottish law and Scottish

judges. The United States described

has often made dire warnings that Russia

severe economic pain on Russia's hard-

pressed citizens, there have been no re-

Mr. Lebed compared the current situ-ation to the hard-line August 1991 con-

"After the 1991 putsch, power col-lapsed in a matter of hours," he stressed,

"depends on his ability to avoid abrupt

Mr. Yeltsin, he predicted, will come

spiracy against Mikhail Gorbachev.

gestures, like dissolution of

While the current crisis is inflicting

the offer as nonnegotiable.

was on the verge of collapse.

ports yet of social upheavals.

governor of Krasnoyarsk Province in candidate in the next election, in 2000,

out of the game. Only Chernomyrdin remains. He has a small chance to slow Mr. Lebed said Mr. Yeltsin's future

Mr. Lebed, a presumed presidential under intense pressure to resign.

Duma.

African leaders agreed in June to

a settlement about the West Bank.

initiative and Secretary of State miss the government led by former Madeleine Albright indicated in May Prime Minister Sergei Kiriyenko. that the United States was ready to point a finger publicly at the Israeli prime minister, Benjamin Netanyahu, for having rejected it.

Nabil Shaath, a top aide to Yasser Arafat, the Palestinian leader, said recently that he did not expect that to happen "until this Monica business is done with '

see a connection with Mr. Clinton's

troubles over Ms. Lewinsky. Laden before. It is obvious the attack is staged to divert attention from Bill Clin-

Clinton Urges Russia to Stick With Reform

WASHINGTON - President Bill' Clinton on Monday urged Russia to con-

tinue to pursue market reforms, saying that if it did the West should continue to "If Russia will stay on the path of reform, I believe America and the rest of the West should help them," Mr. Clin-

the West should help them, Mr. Clinton said in a speech to schoolchildren before flying to Moscow for a two-day meting with President Boris Yeltsin.

Mr. Clinton urged Russia to resist a return to a Soviet-style command economy, saying that it was not possible to turn back the clock and that any such

effort would fail. What I want to do is to go there and tell them that the easy thing to do is not the right thing to do," Mr. Clinton said at, a Virginia school. The easy thing to do, be

said, would be to "try to go back the way; they did it before and it's not possible." Mr. Clinton added: "If they will stay on the path of reform to stabilize their.. society and to strengthen their economy and to get growth back, then I believe America and the rest of the Western nations with strong economies should

help them." Mr. Clinton will hold talks Tuesday settlement about the West Bank. and Wednesday with Mr. Yeltsin fol-The Palestinians have accepted that lowing his decision a week ago to dis-

> Prime Minister Tony Blair of Britain, meanwhile, said that the Group of Seven industrial nations shared the desire to help Russia but agreed that assistance must be tied to the continuation of reforms.

A spokesman for Mr. Blair said the prime minister, who is the G-7's current chairman, had passed on the message to Mr. Yeltsin in a 20-minute phone call Reaction in much of the rest of the after consulting the other G-7 nations. Islamic world was also critical of the Mr. Blair was likely to have further talks man added, but gave no further details.

Chancellor Helmut Kohl of Germany Sarote Phaksumlee, a leader of Ban called Monday for "every effort to be Krua, the biggest Muslim community in Bangkok, said, "The timing is very strange. Nobody has heard of Osama bin peace and stability are at stake" and peace and stability are at stake" and sought a European effort, "whatever one may think of this person or that in Russia." (Reuters, AFP)

RUSSIA: Parliament Rebuffs Yeltsin

Continued from Page 1

U.S.-U.K. Trial Plan "As two rats might say, "Why do we need cheese?' Right now, we need to get TRIPOLI, Libya — A senior Libyan official denounced on Monout of this mousetrap. It's not time for day the U.S.-British offer to hold a trial of two Libyan suspects in the Lockerbie bombing in The Hague.

Mr. Chernomyrdin said after the de-feat that he intended to begin choosing cabinet ministers anyway.

But the Duma action will postpone any resolution of the country's political

leadership for a week, possibly longer. Under the 1993 constitution, Mr. Yeltsin can submit a nominee for prime minister three times. If the nomination is rejected a third time, he can dissolve the Duma and call for new elections.

A letter renominating Mr. Chemomyrdin was sent Monday night, and the Duma has a week to act. In April, Mr. Yeltsin fought four weeks to win approval of his nomination of Sergei Kiriyenko, a young and pro-

gressive banker, on the third ballot.
On Sunday, Mr. Yeltsin's representatives and Parliament leaders tried to work out a truce. Mr. Yeltsin had not approved the deal, which would have given Parliament more say on appointments, would have triggered a process to revise the constitution, and would have forbidden any attempts to dissolve Parliament or any vote of no-confidence in the government.

Mr. Chernomyrdin and leaders of his

party, Our Home Is Russia, had put the pact together in hopes it would satisfy the Communists, who have long bridled at Mr. Yeltsin's broad powers.

Mr. Zyuganov announced Sunday that he would not support the pact and would vote against Mr. Chernomyrdin. Meanwhile, the Russian stock market remained moribund as traders waited to

see how the power struggle with Parliament would end. The Moscow Interbank Currency Exchange remained closed, but the Central Bank of Russia said a modified electronic system of trading hard currency would be opening later. The exchange was closed after the Russian currency. plunged against the dollar and the Central Bank decided it could no longer

afford to intervene. Ruble Is Down 15.3 Percent

The Central Bank set the ruble's official rate at 9.33 to the dollar on Mon-day, a 15.3 percent drop from the pre-vious official rate, Agence France-Presse reported from Moscow. The rate on Friday was 7.905.

Slave Labor' Suit Filed Against German Firms

MUNICH -- Some of Germany's

at a news conference in Munich that he and U.S. colleagues were filing for damages on behalf of surviving slave workers against such companies as BMW; Daimler-Benz, Volkswagen and its Audi

gineering group MAN and the steel group Krupp-Hoesch were among the others listed. The photography equipment company Leica and the weaponsmaker Diehl were also named. Mr. Witti said that he and Ed Fagan, an

American lawyer, were filing the lawsuit in the United States, but that he could not yet put an exact value on the damages.

Mr. Witti said he and his colleagues believed the companies in ghestion had used more than 2 million slave laborers? during the Nazi era.



Alexander Lebed, the retired gen-

specified compensation. subsidiary.

eral who fears a 'social explosion.'

largest companies were named in law-suits filed Monday that accused them of having profited from the work of Nazi-era slave laborers and demanded to Michael Witti, a German lawyer, said

The electronics firm Siemens, the en-

The companies have to open their archives so that we can put afrigure or the suit," Mr. Witti said.

Laner Dute of The represent Francisch, Although Fighting the just week has deveraged and ince the way in the east of continual military after Afficial ribid-larged With Congo in the maticus that helped power—Angola, fire probably will face tween several Africa

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monwealth -- we don LANG CHARGE CHE TWO DOS had early to may Atthough by said perpared to consider China became free at male it clear that he t Think how difficu

he said, adding, "It measte happening." Present on the posts તો સીલીંન્સન્યું કર્ય પ્રોસુલત 🗠 democratic in 20 year Mr. Lee repeatedly Tarway's implation in he had been searching a tweakthrough

But he gave no him steps he had m mind, a clear he was not this cossions to the mainta Some scholars, incl ie., a tormet assesian fense and now dean

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CHEMIC Continued In

ferty, low sperm cour mental impampentan How serious this pr should be done about most hotly disputed sues, and the plan dre steps might eventually to restrict the use of i found to be harmful. with great economic a implications Even though the ser

is still evolving, the as found, there is "appro-agreement" that a sen program is needed ીમદારાજ્યને જાલ્લામ defense and a signifisubstances, said Circuta telacectating of ride companies have

Many kinds of count community found in wdvenie, elemiers, pe duives, plantics, com and circular bandical ment would be wruter conic calcula anglication S100 million The committee ha

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Kabila Claims a Victory Over Rebels

He Declares Rebellion in West Over, but Uprising in East Goes On

of the monthlong war had shifted east.

Yerodia, said that the eastern town of military commander, to celebrate their restoration of power. Kalemie on Lake Tanganyika was en-victory. circled by loyalist forces who were preparing to attack.

In the capital, Kinshasa, life started returning to normal. Soldiers lifted road blocks and checkpoints in the city center, after five days of skirmishing and of flushing out rebel infiltrators across the

Mr. Yerodia, describing Mr. Kabila's remarks as "Victory Communiqué No.1," said that momentum was now with Mr. Kabila and his allies - Zi-

mbabwe, Angola and Namibia.

After the defeat of the aggressors on our western front, they face an imminent rout on the eastern front, 'he said.

"Our armed forces have dealt a de-cisive blow in Kinshasa." he said, adding that the local population had rallied to Mr. Kabila to hunt down in-Mr. Kabila's whereabouts were not immediately clear.

■ Showdown in the East

Lynne Duke of The Washington Post reported from Kinshasa:

Although fighting in Kinshasa during the past week has been the focus of government and international attention, the war in the east has potential for a Africa's third-largest nation.

regional military showdown in Congo, With Congo in the middle, the three Palestinian self-rule, shooting two nations that helped put Mr. Kabila in brothers convicted of killing two brothpower - Angola, Rwanda and Uganda ers from another family. probably will face off in this conflict,

which has driven a political wedge be- a tween several African nations. Rwanda is widely thought to be the prime backer of the rebellion to overwith Mr. Kabila over security issues and

the regional balance of power. Mr. Kabila predicted weeks ago that this war would be a long one. Developments suggest he was correct. General hao de Matos, Angola's army chief of staff, said that his troops would fight

with Mr. Kabila's forces in the east. a guerrilla type of war.'

Since the rebellion was begun along the Rwandan border, the rebels had seized much of Congo's far west and far east and had moved steadily toward this vast country's center.

Mr. Kabila, in remarks conveyed by River, General de Matos met with

General de Matos said Angola was involved in the conflict to protect a "legitimate" leader, as well as to protect its own security interests. General de Matos would not say publicly that Angola's intervention was a response to the widely presumed involvement of the Angolan rebel movement, UNITA, or the National Union for the Total Independence of Angola, in the Congo

Congo during the 32 years it was ruled by the dictator Mobutu Sese Seko, The fighting that broke out in Congo's southwest early this month was near the Angolan border, leading many observers to expect Angolan intervention. Indeed, General de Matos's troops were key to retaking Matadi as well as the nearby Inga hydroelectric dam.

control, rebels virtually had strangled ritory.

KINSHASA, Congo — President aurent Kabila proclaimed victory Mon Laurent Kabila proclaimed victory Monday against Rwandan-backed rebels on the much of Lower Congo Province. Sunthe western front and said that the focus of the monthlong was bed discussed by the recaptured Lower Congo port in near-total blackout every night for day, in the recaptured Lower Congo port of Matadi, near the month of the Congo more than two weeks, and the energy his political chief of staff, Abdoulaye Joseph Kabila, son of the president and a that technical problems were hindering a

The rebels, who are based in Goma in the east, vow to continue fighting despite their western losses and say their retreat from Matadi was tactical.

The eastern territory they control, including the northeastern river city of Kisangani, Congo's third-largest, amounts to about a third of the country. The stakes for Congo include the prospect of territorial partition and a continuation of the chaos that beset

That campaign, like the current one, was headed by Rwanda's Tutsi-dominated government and its Congolese Tutsi allies, who sought to protect themselves from the Hutn extremists who With the port and the dam under their fought them from within Congolese ter-

whom Mr. Kabila overthrew last year.



Republic, loaded rice on a ferry Monday for the trip across the river.

As quiet returned to Kinshasa, traders in Brazzaville, capital of the Congo

Bowing to Pressure, Arafat Allows Executions

By Serge Schmemann
New York Times Service

GAZA CITY — A firing squad has carried out the first executions under Although the killings were essentially

fight between two families, the accused men were members of security organizations and had apparently used their official weapons in the shootings. throw Mr. Kabila after 15 months in That roused a storm of protest power. Rwanda, with Uganda, fell out throughout the Gaza Strip among Palestinians fed up with the members of security forces who strut around with pistols and Kalashnikov assault rifles, often firing in the air or using the weapons to threaten civilians.

Both victims were popular leaders in the Fatah movement of Yasser Arafat, the Palestinian leader, and members of a A rebel leader, Ernest Wamba dia huge family, the Khalidis, further fan-Wamba, said, "Now we are conducting ning the anger. Portraits of the victims, memorializing them as "faithful martyrs," were posted on walls.

Protests over the weekend had paralyzed Deir-al-Balah in central Gaza, home of the Khalidi brothers. Fatah called for a strike Monday throughout

Authority, was faced with the prospect of a serious rebellion in his own movement, a rebellion against his security services and a potentially violent feud. He ordered a swift military trial and approved the executions Sunday of Raed and Mohammed Abu-Sultan. A third brother, Faris, was also sentenced to balance of two executions for two vic-

Palestinian human-rights Two groups, B'Tselem and the Palestinian Human Rights Monitoring Group, issued news releases that condemned the executions and called for the abolition of capital punishment by the Palestinian Nabil Abu Zaid, a Fatah official from

Deir-al-Balah who witnessed the trial and executions, said 120 people gathered in the police headquarters here to see the executions. They included anthority officials, elected members of the Palestinian Legislative Council, Fatah officials and relatives of the slain brothers. The condemned men were taken out

Gaza if the killers were not executed. shackled, handcuffed and blindfolded Mr. Arafat, head of the Palestinian and were granted their last wish for a drink of water before reciting final Muslim prayers, Mr. Abu Zaid said. Ten masked uniformed police officers lined use of arms. up, five for each condemned man, and shot them at 2:45 P.M. Witnesses shouted, "God is great!" and, "Long live justice!"

Hours later in the Fatah headquarters death. His sentence was commuted to in Deir-al-Balah, Mr. Abu Zaid sat surlife in prison, apparently to maintain the rounded by friends and colleagues, all in tives, including 2,000 young Khalidi a state of excitement and shock over the chain of events. "The Palestinian people are in gen-

eral fed up with all these people carrying guns," he said. "We want to stop this. At weddings, at wakes, they always pull out their guns and shoot in the air, they best Fatah activists."

and civil rights was beyond the concern of the men. To them the Palestinian Authority had exercised justice that would have otherwise been left in the hands of the Khalidi clan. "Will there be more executions?" a Bank

middle-age man asked. "This is up to President Arafat.'

The others gave consenting nods. "We don't want more executions," the man said. "We want to give the lesson to stop the killings and the easy

As night fell, relatives of the slain Khalidi brothers, Mohammed, 30, and Majdi, 32, gathered at a dusty lot to receive condolences. The older brother of the slain men, Bassam Khalidi, said he had issued strict instructions to his relamales, that there was to be no more bloodshed. A senior official of the UN office in

Gaza and fluent in English, Mr. Khalidi said he and his slain brothers were not even part of the two families' dispute and had gone only to talk with cousins threaten people. And now they shot our who said they had been threatened in a quarrel over a woman. After the brothers The notion that the summary trial and had spent time with the cousins, he said, quick execution violated legal norms the Abu Sultan brothers appeared and started firing on them. More than 20 Palestinians have been

sentenced to death by the Palestinian Authority in the four years since it first took power in the Gaza Strip and West Mr. Arafat has not allowed any other

executions to proceed.

BRIEFLY

Sudanese Warned On Nile Flooding

KHARTOUM - Flooding of the Nile has reached a "dangerous level," the Sudanese undersecretary of irrigation, Ahmed Mohammed Adam, has warned, and dozens of villages have been im-

The official called on inhabitants living along the Northern and Nile rivers north of Khartoum to take emergency precautions, including sandbags, the press reported.

Mr. Adam said the Nile had already risen higher than its level of 1988, the year Sudan saw the most disastrous flooding in 50 years, and was continuing to rise.

Algiers Bomb Kills 17 in Open Market

ALGIERS - A powerful bomb exploded near a popular marketplace in Algiers on Monday, killing at least 17 people and injuring 60 others, authorities said.

The explosion occurred in a neighborhood considered a stronghold of Muslim fundamentalists.

Earlier Monday, the government said it would open offices nationwide to investigate the disappearance of Algerians during the country's six-year insurgency.

Panamanians Bar Consecutive Term

LIDICE, Panama - Voters have overwhelmingly rejected an attempt to allow Panamanian presidents to seek re-election, in a stinging defeat for the incumbent, Ernesto Perez

With 82 percent of the ballots counted, 62.5 percent of the voters were against lifting the constitutional prohibition on consecutive terms for presidents. The vote was seen as a rejection

of the free-market reforms of Mr. Perez Balladares and his governing Revolutionary Democratic Party: 'I am satisfied to hear the voice

of the people, and we have heard it clearly," the president said. "This has been a consolidation of democ-"This is a triumph for the

Panamanian people," said Mireya Moscoso, an opponent.

TATWAN: President Shows Defiant Mood Toward China's Policy

Continued from Page 1

said during the two hour-interview. "It's too carly to say."

miracle happening."

it might be possible for China to become democratic in 20 years or more.

a breakthrough. But he gave no hint of any particular clear he was not thinking about con-

cessions to the mainland. Ir., a former assistant secretary of de- with no intention of ever tying the fense and now dean of the Kennedy knot.

School of Government at Harvard Uni-Taiwan Strait.

The deals usually include a promise Although he said that Taiwan was by China not to use armed force, in from China, a growing number of exchange for a pledge by Taiwan that it Taiwanese say in polls that they see China became free and democratic, he will not declare independence or that it themselves as "Taiwan people" rather made it clear that he thought this would will eventually reunify with the rest of than "Chinese people."

he said, adding, "It would be like a become "engaged" with the mainland, when it claims to intend to get "married," Mr. Lee said that Taiwanese were afraid of losing their freedom.

ing ourselves slaves?

Some foreign and local scholars have steps he had in mind, although he made it clear he was not thinking about contact Taiwan is a democracy now, and ordinary Taiwanese have become in-Some scholars, including Joseph Nye creasingly alienated from the mainland,

In the latest government-sponsored versity, have proposed package deals poll, only 18 percent of people on Taimonwealth - we don't know," Mr. Lee intended to reduce the risk of a war in the wan say they want to reunify with the mainland, even in the long run. In another sign of Taiwan's drift away

Asked how he saw himself, President

Asked why Taiwan is so reluctant to Lee did not hesitate. "I'm a Taiwan person first and a Chinese person second," Mr. Lee said.

"All of us came a long time ago from "We prefer the status quo," he said.
"We prefer to status single. Why get
"We prefer to status quo," he said.
"We prefer to status quo," he said.
"We prefer to status quo," he said.
"We prefer to status quo," he said. mainland China, and we spend our lives Later, after aides expressed concern at how that comment might be interpreted,

Mr. Lee returned to the room and added by way of explanation: "I am Taiwanese and I am Chinese.

Mr. Lee repeatedly emphasized his view that Taiwan had no need to declare independence because it is already an independent, sovereign country, formally known as the Republic of China.

Some Americans in Congress and elsewhere have criticized President Clinton for declaring a "three no's policy" about Taiwan during his visit to China: no support for Taiwan independence, no support for two Chinas or "one China, one Taiwan," and no support for membership for Taiwan in international organizations that require

But Mr. Lee did not seem particularly bothered by the "three no's" and he said he believed United States assurances that its policy had not changed.

The "three no's" policy itself had not hurt Taiwan, Mr. Lee said, although he added that China has been using it to try to get other countries to issue similar In particular, China has been pressing

Japan to issue its own three no's statement, although Tokyo has so far re-Despite the American and Chinese assertions of "one China" policies, Mr. Lee and other Taiwan officials offered a

very different vision: They acknowledge that there is a single China as a cultural endocrine systems of nearly all animals, and historic zone, just as there is one Europe, but they say that this historic China is now divided. "China is a divided country," Mr.

Although he spoke of unification, Mr. Lee also emphasized that Taiwan would choose its own future. "Taiwan's destiny isn't China's to The proposal is so ambitious that it decide," he said. "It's for the 21 million people on Taiwan to decide their des-

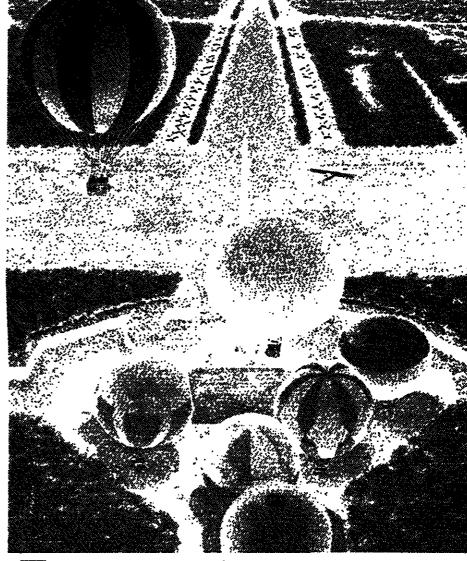
Lee said. "Don't forget that fact."

Taiwan and China are expected to resume a high-level dialogue this fall between representatives of each side, but nobody here seems optimistic that the talks will achieve any kind of break-

President Lee reiterated his willingness to go to Beijing on a "mission of peace," but it is clear that Beijing will never accept his conditions.



42nd Gordon Bennett (Aviation of, Century



CHREERIGE

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Take off of «La Poste» balloon with letters mailed on site.

Inflating of gas and tethered hot-air balloons.

Take off of the 22 Gordon Bennett Cup competitors.



September 10-27, 1998 • on the Champs-Elysées « Champs d'Aviation » Exhibition A unique look back over a century of aviation featuring 50 aircraft, plus objects and accessories.

Hon ly th Reform

"Think how difficult that would be," Pressed on the point, Mr. Lee said that

Mr. Lee repeatedly complained about Taiwan's isolation in the world and said engaged if engagement is equivalent to he had been searching for ways to make becoming a local government and makhe had been searching for ways to make

Continued from Page 1

feets, low sperm counts, breast cancer, mental impairment and other ailments. How serious this problem is and what should be done about it are among the most hotly disputed environmental issteps might eventually have to be taken to restrict the use of chemicals that are found to be harmful. This is a question The agency put together the advisory sues, and the plan does not address what with great economic and environmental

implications. Even though the scientific knowledge agreement" that a screening and testing program is needed.

Groups representing chemical and pesti-

Many kinds of commercial chemicals commonly found in industrial wastes, solvents, cleansers, pesticides, food adsupplements, petroleum by-products these chemical messages to regulate ditives, plastics, cosmetics, nutritional supplements. Petroleum by production sexual development, reproduction, metament would be scrutnized, at costs that plent would be scrutnized, at costs that some experts suggested could exceed

Some of them, like polymers with mol-cioldman, the agency's assistant admin-turing for pesticides and toxic subrounds or more per year, said Lynn

forward. The amount of knowledge that is going to be generated to better protect the public and the environment is considerable.'

Two years ago, Congress ordered the agency to develop ways of screening pesticide residues in food and contaminants in drinking water to see whether

report that goes well beyond food and water quality to recommend what ofis still evolving, the advisory committee found, there is "appropriate widespread found, there is "appropriate widespread program of toxicological screening and testing ever undertaken.

The project, if implemented as "Increased screening is a first line of planned, would examine whether indi-

Agances, who headed the committee.

"I was very happy about where it and have been excluded. Of more than and have been excluded. Of more than 62,000 chemicals that remain, the 15,000 produced in large quantities, plus all pesticated a way for us to take a huge step created a way for us to take a huge step.

CHEMICALS: Broad Tests for Side Effects

vidual chemicals or their mixtures, inraiting exposure to potentially danger-substances, said Carol Browner, administrator of the federal agency. cide companies have also backed the drogen and thyroid hormones. In the glands located throughout the body synthesize hormones and secrete them into the bloodstream. Receptors in the cells of various organs and tissues respond to

"The committee has given us a very would be impractical to subject every chemical to its full battery of tests. So the committee is recommending a system of triage to sort the estimated \$7,000 chemicals that are produced in amounts of 10,000 that are in use.

are unlikely to pose endocrine problems and have been excluded. Of more than

A Choice for Pakistan

India always wanted a nuclear bomb, for strategic and nationalistic considerations, and by testing and going public in May it finally ensured that it would have one. Pakistan was always ambivalent about the political as well as the economic costs, and went nuclear only reluctantly after India set the pace. In the differences between the nuclear attitudes of the two South Asian countries lies the possibility of limiting some part of the damage done by their successive tests of last spring.

Pakistan has its own grounds to consider reversing course, accepting the test-ban and nonproliferation treaties and softening its insistence on becoming a full-fledged nuclear power.

A far-fetched idea? In the first flush of its fear and its nationalism last May, Pakistan could not countenance nuclear reversal, but it has had a bitter heap of reasons to reconsider. The two countries' tests led as expected to international economic sanctions. India can, with an effort, afford them, but Pakistan cannot. The country's economy is collapsing. The political leadership is flailing. The government might yet sign the test ban treaty. But meanwhile, because of Islamist reaction to American missile attacks in

Afghanistan and Sudan, public opinion is rising against anything that looks like collusion with the United States. Signing the test ban has become even harder. So has accepting the tough austerity and reforms that would be the price of essential major international foans.

This is the unforgiving context in which Pakistan must accept as an issue, and address, whether it is to its national advantage to continue down the nuclear road. A pause in moving from test to weapon would open up chances for renewed economic support from foreign friends now constrained by Pakistan's nuclear lunge.

Some argue that it should reverse course and take and exploit the moral high ground. That alone would not sat-isfy Pakistan's legitimate concern for its security, particularly in respect to its large and powerful rival, now-nuclear India. But a turn off the nuclear road would give Pakistan a strong claim on the strategic patronage of all the nuclear powers, including the United States and including as well, and in time, India itself. Exploration of this idea would tax Pakistan's current leadership. Its merits may become more appealing as Pakistan's woes increase.

Stop Training Goons

For decades, Congress has tried to ensure that U.S. military aid and training does not go to foreign soldiers who use it to kill and torture their own people. But a 1991 law allowed training by special forces units free of many congressional restrictions. As a result, such trainers have been in more than 100 countries and have worked with some of the world's most abusive and brutal

In some cases, their training works at cross-purposes with U.S. foreign policy. An amendment to the defense appropriations bill that will face House and Senate conferees as Congress comes back would close this training loophole. But the Pentagon needs to stop pursuing close relations with militaries that repress their own people.

The bill, which is sponsored by Senator Patrick Leahy, would block U.S. special forces from training foreign units if the State Department had credible information that a member of the unit had committed a gross violation of human rights. An exception could be made if steps were taken to prevent further abuses. The Pentagon, stung by scandals over training of repressive troops, does not oppose the legislation.

The 1991 law did not put limits on special forces training ostensibly because it was for the benefit of U.S. soldiers. In a nifty bit of circular reasoning, the Pentagon says special forces learn how to carry out one of their most important jobs - training.

In 1992, Congress banned Indonetraining. Yet a notorious unit linked to massacres of civilians and countless other abuses was a prime recipient of

special forces training until this year. Skills taught to the unit, known as Kopassus, included psychological op-erations and lethal tactics like sniping. The Washington Post reported in

July that special forces are working with every Latin American military, including those with records of human rights violations, and with no requirement to screen out abusive trainees. U.S. special forces train Colombian army officials in counterterrorism and intelligence gathering — even though Congress voted to limit regular training to counternarcotics. In Turkey, where units fighting Kurdish guerrillas have a history of killing civilians, Americans have trained anti-guerrilla forces.

Such training is often at odds with U.S. policy goals. While U.S. foreign policy tries to strengthen democracy, the special forces training, coupled with a decline in civilian foreign aid, means that foreign contacts are now more often military-to-military. Although trainers might theoretically serve as role models demonstrating respect for civilian control and human rights, the main message they convey is that those being trained have the extra powers that come from being special friends of the United States.

A Defense Department spokesmar said that the most valuable aspect of training is to "know the faces and personalities who grow up to be gen-erals and presidents." This has long been the Pentagon's justification for befriending even the most abusive ofstill wrong, during the Cold War. There is no justification for it now. —THE NEW YORK TIMES.

Hope for Nigeria

Only five months ago, President Bill Clinton was traveling in Africa, hailing the continent's "renaissance" and praising its new breed of leader. Since then, two of the new leaders singled out for praise — in Ethiopia and Eritrea -- have gone to war against each other, and the United States has expressed "deep concern" about Ethiopia's unwarranted expulsion of thousands of ethnic Eritreans.

Two other U.S.-favored "new leaders," in Uganda and Rwanda, apparently are supporting an uprising against yet a fifth "new leader," Congo's Laurent Kabila, whom they themselves helped install little more than a year ago. Mr. Kabila is conducting ethnic witch-hunts of his own as his nation stands in danger of being pulled to pieces.

So it is worth pointing out that at least a hint of good news is coming from Africa's most populous, and one of its most important, countries, Nigeria. For decades, Nigeria has been as good a symbol as any of the continent's squandered potential. Rich in oil and in human resources, it has been misruled by military dictators as incompetent as they have been corrupt. Regional and tribal tensions, environmental despoliation, horrendous human rights abuses - you name the affliction, Nigeria has been there.

So when the nation's latest military ruler promised a return to democratic, civilian rule, skepticism was more than warranted — and skepticism remains in order. Yet in just two months in office, General Abdulsalam Abubakar seems serious about returning his fellow generals to their barracks and allowing Nigeria's people to elect a civilian government.

He took over in June, when Nigeria's latest tyrant died in office. The new leader promised elections by next spring. He since has repealed bans against independent political parties and some labor unions, freed many political prisoners, appointed an independent election commission under the leadership of a respected chairman, and named a largely civilian cabinet. Nigerian politics have moved from the street and the jail cell to conference rooms and convention halls.

Activists are right to remind us that many political prisoners have yet to be freed. Many generals, comfortable at Nigeria's oil trough, may yet try to sabotage the transition. Nigeria's degraded economy and its ethnic tensions still present minefields.

But General Abubakar has given almost everyone reason for cautious hope, and the West should support the process he has begun.

-THE WASHINGTON POST.

Herald Tribune

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New Thinking Can Prevent a Great Depression

CAMBRIDGE, Massachusetts — Could the current craziness in world financial markets translate into a global slump, maybe even a new Great Depression? Of course it could. The

story might go something like this.

Over the next few weeks, investors, made jittery by the debacle in Russia, stage runs on the currencies of Third World countries. Governments of these countries respond by raising interest rates to 30, 50, 70 percent — stabilizing their currencies but pushing their corporations into bankruptcy, provoking devastating bank runs and plunging their economies into deep recession.

Meanwhile, Japanese lawmakers are unable to agree on a plan to rescue a dysfunctional banking system. The result is a sharp drop in the yen, but the central bank, declaring that a strong yen is essential, defends the currency with higher interest rates, which sends Japanese industry into a tailspin.

The direct effects of these devel-

opments on America and the European

Union are relatively small. But the dismal news undermines the euphoria that had driven Western stock prices to hard-to-justify heights. As stocks fall, so does the consumer spending that had

offset the drag from Asia's collapse. Despite all this, the Federal Reserve and the Bundesbank are reluctant to cut right into Murphy's hands.

By Paul Krugman

interest rates. The Fed believes that the stock crash validates its warnings that the market was driven by "irrational exuberance," and - like the Bank of Japan in the early 1990s --- welcomes the bursting of the financial bubble.

The Bundesbank, which will hand over the monetary reins to the European Central Bank in a few months, wants its successor to understand the importance of sound money and stable prices, and is unwilling to blur that message with hasty reflationary moves.

Within a year or two, of course, it becomes clear that everyone has been far too cautious, and many countries start trying to boost spending any way they can. But it is too late. Self-fulfilling pessimism has become deeply embedded in the private sector.

I hope you don't regard this scenario as a literal prediction of what is going to happen. For one thing, real crises never play out according to the expected script. Anyway, this scenario is not all that persuasive. It requires not only that world financial markets be governed by Murphy's Law - that everything which could go wrong does - but also that all of the major policymakers play

The odds are that at least a few things halfway decent bank reform law, that the markets will take a deep breath and realize that Brazil and Russia are, after all, rather different places.

Even if financial markets do continue to tumble. Alan Greenspan and his counterparts in other countries have the tools they need to prevent paper losses from turning into a slump in real output. Mr. Greenspan turned a stock market crash into a real-economy nonevent in 1987. He can do it again.

But will he? That is where I start to worry. The real risk to the world eco-nomy comes not from bad fundamentals but from rigid ideologies - ideologies that might make policymakers fail to respond, or even move the wrong way, if a global slump starts to develop. One of those ideologies is the belief

that a strong currency means a strong economy, that stable prices ensure prosperity. Notice that my scenario had the Bank of Japan raising interest rates in a recession in order to defend the ven, and the Bundesbank refusing to cut rates because it doesn't want to encourage laxity in its successor.

Both actions would be deeply foolish. Alas, given the strong-yen rhetoric of Japan and the stable-price rhetoric of Germany, both are quite plausible.

In his classic book "Golden Ferwill go right: that Japan will pass a ters, 'Barry Eichengreen, an economist at the University of California at Berke ley, showed that the spread of the Great Depression was, more than anything else, caused by the dogged determination of many nations to remain on the gold standard at all costs. Nobody is on the gold standard these days, but the urge to defend monetary purity, never mind the real economy, remains.

The other ideology might be sum-marized as blaming the victim. One hears about Asia that it shouldn't try a quick recovery through monetary and fiscal expansion, because that would delay the correction of deeper structural problems. It is easy to imagine that effective action against a slump might come too late because the slump's initial stages are regarded not as just punishment for economic sins.

In the end, a global slump is quite an easy thing to prevent. The only way it can happen is if the people who have the power to prevent it fail to take the risk of such a slump seriously, and continue to cling to ideologies inherited from a more benign era.

The writer is an economics professor at the Massachusetts Institute of Technology. He contributed this comment to The New York Times.

As the Yeltsin Era Ends, Russia Will Go Its Own Way

By Max Jakobson

HELSINKI — Amid all the speculation and rumor, one thing is certain: The Yeltsin era is coming to an end, and not with a bang but with a whimper. President Boris Yeltsin will be allowed to complete his term of office if he agrees to constitutional changes that reduce him to a figurehead. This will be an unfamiliar role for the man who seven

years ago faced down Soviet tanks and went on to push out Mikhail Gorbachev, bringing down the Soviet Union. As recently as last March, Mr. Yeltsin was very much in charge. By dismissing his prime minister, Viktor Chernomyr-

din, and replacing him with the unknown Sergei Kiriyenko, he seemed to pave the way to a third term as president.

pawn in the contest for the succession. His backers had to consider the possibility that he might have to step down before the end of his term. In that case, the prime minister automatically becomes acting president. Young Mr. Kiriyenko could not have handled that role. A more robust figure was needed, so Mr. Chemomyrdin had to be

brought back into office. This did not solve the succession problem. If the president were to resign, new elections would have to be held. In the present chaotic conditions, an election might produce a result undesirable to the entire Russian establishment. So a compromise had to be worked out. Mr. Yeltsin will stay on, but power But now he is a sick man - a will pass to the prime minister.

Mr. Chernomyrdin has to make a deal with the Communist-dominated majority in the Duma on the composition of his government and on policy. Inevitably this will mean a shift away from market reform to more government controls.

No doubt Mr. Chemomyrdin

will claim that reforms will be

continued, although at a slower rate. He desperately needs Western support. As a person, he enjoys a degree of confidence in Washing-

ton and in the European Union, but his credibility as a reform

type democracy and market economy. Mr. Yeltsin has been leader is bound to be weak. After the shocks of recent weeks, private money will shun Russia for a long time. Govemments will have a hard task

seen as the personification of the new Russia. He has been supported through thick and thin. The dark side of the Yeltsin era — falling production, crime

support the post-Yeltsin Rus-

Significantly, aid to Russia

has already become an issue in

the German election campaign,

as Chancellor Helmut Kohl is

criticized for wasting taxpayers' money propping up his good friend Boris.

Altogether, a reappraisal of

been essentially an ideological

project. The goal has been to

convert Russia into a Western-

more money has to be spent to welfare and the environment has been glossed over as growing pains that will be put right indue course. Now it is no longer possible;

to cling to the illusion that Russia could adopt the Western system off the peg, like acquiring a ready-made suit which, with minor adjustments, can bemade to fit a new customer.

Western policy on Russia is bound to begin. Ever since the fall of the Soviet Union, this has Cooperation with Russia: must continue. It will always bean important part of Western, policy. It will have to include support for realistic measures. designed to rescue Russia from the catastrophe it now faces. But we should no longer judge Russia by its progress, or lack of it, toward a Western

way, as it has for centuries.

What is to be done? President-

week. He should recognize that

however desirable free markets,

and democracy are, the path

from totalitarianism is long and

model. Russia will go its own persuading public opinion that and corruption, growing in-

Disintegrating Russia Is a Nightmare Trove of Loose Nukes

AMBRIDGE, Massachu-donesia. As an economic crisis in various storage facilities of down matters is that it magnifies accelerates the disintegration of authority in Russia, history has whose salaries have been the theft of one or a dozen

left a superpower arsenal. Start with 7,000 nuclear wargets in America less than an hour after a decision to launch. Add unit to Osama bin Laden's ter-5,000 tactical nuclear weapons, many without any locking devices to prevent their use. Recognize that many of these are at bases where a colonel with the cooperation of two lieutenants could privatize a dozen warheads, take them to world markets and monetize their value.

Add 12,000 nuclear weapons

WASHINGTON -- A de-cade that opened with un-

speakable crimes against hu-

manity in the former Yugoslavia

is, almost unbelievably, ending

in the same way. Once again

Slobodan Milosevic is system-

atically destroying a peaceable society as Bill Clinton and the United States stand aside, ac-

"But the main thing is that

I am determined to do all I can

to stop a repeat of the human

carnage in Bosnia and the eth-

nic cleansing," President Clinton said in June. "And I have

authorized, and am supporting,

an accelerated planning process

watched faithfully from space,

Milosevic troops have de-stroyed some 20,000 houses in

Kosovo. At least 400,000 peo-

ple - one-fifth of Kosovo's

prewar population — have been rendered homeless. Old people,

winter approaches in the Bal-

kans, all now face the prospect

of exposure, starvation, typhus,

cholera, tuberculosis, polio.

predictable method of opera-

tion, as one uprooted resident

told Washington Post correspondent R. Jeffrey Smith. "It

takes three days to destroy a

village," the victim explained.

"The first day, they shell a vil-lage so civilians leave. The

second day, they surround a vil-

lage with tanks and then they

rob houses. The third day, they

Before pulling out, the troops

also kill the cows and burn the

crops, ensuring that the Koso-

vars will be unable to feed

by and watch the Serbian au-

"We are not going to stand

burn the houses ... "

themselves.

The troops have developed a

And the offensive continues.

children, women, men

Since then, as U.S. satellites

for NATO."

quiescent if not complicitous.

Russia, protected by guards the threat of "loose nukes" delayed for months.

By Graham Allison

Strong Talk About Kosovo Was Just Talk

By Fred Hiatt

Consider about 70,000 nu- terrorist group, use of these uranium and plutonium. One rorists would provide the critical ingredient for a crude nuclear device. Compound this with biological weapon materials, chemical weapons and thousands of ICBMs and knowhow for producing more missiles without limit.

In sum, the overriding reason why Russia's economic melt-

with doing in Bosnia," Secre-tary of State Madeleine Al-

In fact, there are differences.

The concentration camps, the

mass rapes and the killings are

not being repeated, at least not

on the same scale. But the ex-

tent of killing is difficult to

measure, the mass graves are

difficult to locate, because this

time Serbian troops have work-

ed harder to keep reporters, dip-

lomats and human rights mon-

ring humanitarian workers, a

difference that prompts John

Fox, a former State Department

official who now heads the

Open Society Institute office in

Washington, to call this crisis

worse from the point of view of

human suffering. "At least in

Bosnia we were feeding the vic-

tims. As repugnant as that policy

was, it was better than this. We

never had 300,000 people wan-dering lost in the woods."

Last week Serbian troops

murdered three aid workers for

the Mother Teresa relief orga-

nization who were riding on

tractors towing food to dis-placed people. The three were

killed "in an open field at mid-

afternoon in the village of Vlaski Drenovac," The New

York Times reported, just after

they had passed through a Ser-

Aid workers in Kosovo said

the murders were simply part of

a larger campaign to make sure

that no food reaches the civilian

population. A State Department

official "deplored" the attack.

scandal of the bombing and

shelling of innocent people,"

Defense Secretary William Co-

hen said in June. "We will work

"It is important ... to end this

bian checkpoint.

They also are explicitly bar-

bright said in March.

weapons, sale to a rogue state or

heads; armed, mounted on mis- clear-weapon equivalents in weapons to threaten or attack siles, capable of arriving at tar- stockpiles of highly enriched Americans at home and abroad. Because such a threat has no precedent in the Cold War, U.S. policymakers have put it in the 'too hard'' box. How important is this threat

relative to others? Take North Korea, where the United States brokered a \$4 billion inducement to freeze a nuclear proenough plutonium for six

hopefully, not military, but we're not ruling it out, either."

In 1989, Mr. Milosevic im-

posed a kind of apartheid, with

the one-tenth Serbian minority

playing the dominant role that

whites once played in South

Africa. Kosovar Albanians re-

sponded by creating their own

unofficial government, unoffi-

cial schools, unofficial hospit-

als. But they received no U.S.

support for this remarkable ex-

periment in nonviolence, and

now most residents seem to

support Serbian aggression, but

it also does not support Kosovar

independence. So its policy,

through the spring and summer,

has consisted of a combination

of bluster and importuning.
In June, NATO conducted an

exercise in Albania, called Op-

eration Determined Falcon, in-

tended to show its resolve. A

week later, Mrs. Albright sent

emissaries to Mr. Milosevic "to

deliver a strong message that violence is not acceptable." as

she said. "He has to pull back

But when Mr. Milosevic ac-

celerated his offensive in late

July, the West was understand-

ing. "Every nation has the right

to control its highways," one

senior U.S. official observed.

back of Serb troops, the Clinton

administration retreated to "de-

manding" access for human-

itarian workers - and taking no

action when that demand, too,

Time after time, the U.S. government sent emissaries to Mr. Milosevic to request his

help, as if he were a trustworthy

partner, and time after time he

promised: The offensive is

From "demanding" a pull-

his forces."

was ignored.

The United States does not

support armed resistance.

Ask why the U.S. and Israeli . governments have given top pri- Bill Clinton visits Moscow this, ority in security discussions with Russia to stopping Russian companies from providing marginal assistance to Iranian efforts to develop its own missile arduous. program. Now, imagine a Ruscorrupt that a defense enterprise, or criminals within it, could sell Iran operational missiles.

This threat has been recognized. Through the Nunn-Lugar program, the United States has devoted about \$400 million annually to it. That is one-sixth of 1 percent of the U.S. defense gram that would have produced budget. In effect, this posture amounts to waiting for a nuclear wake-up call.

most comically, the Americans

the limits of tolerable behavi-

or," NATO Secretary-General

Among the few spots in the

world that Mr. Clinton can still

claim as foreign policy suc-cesses are Bosnia, to which the

Dayton accords brought a be-

lated peace, and Central Europe,

where NATO is now expanding.

But if Mr. Milosevic can destroy

Kosovo as he ruined Bosnia, the

Dayton accords stand much less

of a chance. And if NATO has

failed yet again to stop ethnic

cleansing on its doorstep, who

cares how many new countries

International Herald Tribune

ioin the alliance?

"Milosevic has gone beyond

welcomed these promises.

Javier Solana said in June.

Much has been accom-, sian government so enfeebled or plished, principally in destroying the prison that communism built for 70 years. But the strategy for jumping from a Soviet economy to free markets. proved too ambitious. It was unable to withstand a 50 percent fall in oil prices and turbulence from Asia on top of the Yeltsin.

government's incompetence. Mr. Clinton should focus on what matters most to U.S. interests: securing control of nuclear and other weapons of mass destruction. Specifically, concentrate weapons and materials. at the fewest possible sites; con-, struct control systems at these sites including electronic monitors; provide steady pay for facilities guards; deploy international guards on a second. perimeter outside the fenced area

protecting Russian facilities. These steps should come first in U.S. policy. Before democratization before marketization, before any other objective, America needs to do everything we can to secure loose nukes now, before Russia's economic meltdown becomes America's nuclear nightmare.

The writer, director of Harvard's Belfer Center for Science' and International Affairs, was U.S. assistant secretary of defense in 1993 and 1994. He contributed this comment to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Dreyfus Dossier

PARIS — The developments of the Dreyfus affair did not end with the arrest of Colonel Henry. That officer committed suicide. Since his entry into of-fice M. Godefroy Cavaignac, Minister of War, resolved once for all to settle the Dreyfus affair. In these conditions every document of the dossier was subjected to a most careful examination. This examination showed that every document was authentic except one. The Minister declared that not only was the document [which established the guilt of Captain Dreyfus] a forgery, but that Colonel Henry had committed it.

1923: Mussolini's Test

LONDON — Signor Mussolini by his attitude toward Greece has precipitated a situation over. Aid workers may go in. which has become very ugly. It Civilians won't be targeted. Al-

Premier's sabre-rattling was prompted by a desire to strengthen the position of his régime at home. If the sabre rattling is more than stage play? then the League of Nations may be put to a supreme test. In the face of the world opinion it is: considered incredible that Si-s gnor Mussolini should resort to armed measures against Greeces to secure redress for the murder. of the Italian mission on the Greco-Albanian frontier.

1948: Zhdanov Dies LONDON - Colonel General

Andrei Zhdanov, secretary of the Central Committee of the Communist party of the Soviet Union, died. General Zhianov was a high-ranking member of the ruling Polithuro and it times has been mentioned as a possible successor to Premier Stilin. As a 1 lieutenant general of the Sovieta Army, he directed the defense of Leningrad during the war.

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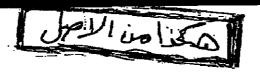
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they can no longer get away diplomatic, economic and,

OPINION/LETTERS

Lashing Out With Missiles Is No Way to Combat Terrorism

By Raymond Close

WASHINGTON — My first job for the CIA's clandestine scruices 46 years ago was to organize a network of informants in the squalid Palestinian refugee camps of southem Lebanon — some barely a stone's throw from where my grandfather and great-grandfather established American mission schools more than a hundred years ago. The camps and

Most people accept the premise that terrorism is a phenomenon that can be defeated only by better ideas, by persussion and, most importantly, by amelioration of the conditions that inspire it.

Terrorism's best asset, in the final analysis, is the fire in the bellies of its young men, and that fire cannot be extinguished by Tomahawk missiles. If intelligent Americans can accept that premise as a reasonable basis for dealing with this nemesis, why is it so difficult for America's leaders to speak

and act accordingly?

After the Aug. 20 military strikes in Sudan and Afghanistan,
U.S. officials justified their action by citing Osama bin
Laden's "declaration of war" on everything American But to launch missiles into countries with which America is technically at peace, and to kill and injure their citizens, is to declare that the United States is free to make its own rules for dealing with this international problem.

What standing will America have in the future to complain about any other country that attacks the territority of its neighbor, citing as instification the need to protect itself from terrorism? Did those who authorized these affacks think through the long-term implications of this shortsighted and dangerous precedent?

The new threat is often stateless, without sovereign territory por official sponsorship. Friendly governments around the

the squalor are still there, no longer breeding grounds of share a need for internal and regional stability. Terrorism is a communism but of the threat called terrorism.

Most people account at the squalor are still there, no longer breeding grounds of share a need for internal and regional stability. Terrorism is a weapon that threatens all civil authority.

This set of circumstances provides an unprecedented incentive for intergovernmental cooperation, even among states that may differ on other basic issues. But the fight against a silent and hidden common enemy requires infinite patience and tact on the part of law enforcement agencies and intelligence services. It demands absolute secrecy, mutual trust and professional respect.

If the United States loses its cool without warning, if it is seen by others as a loose cannon that resorts to sudden violent action on a massive scale, the critically needed cooperation will not be there.

My hunch is that the next time Washington calls for help (from Pakistan, for instance, whose very competent police work was evidently vital to the investigation of the Nairobi and Dar es Salaam bombings), the officials of that country's intelligence service who are responsible for discreet liaison with the Central Intelligence Agency or the Federal Bureau of

Investigation will be conveniently "out to lunch."

My former colleagues at the CIA, and the experienced professionals at the FBI, must be worried about this. They live on shared confidence. They know how hard it is to develop trust and how quickly it can evaporate.

In declaring a full-scale war on terrorism, the Clinton administration seems tempted to emulate Israel's failed example. This is understandable, but wrong. Israel's situation

is totally different from America's in every imaginable way. The state of Israel has been committed for 50 years to a policy of massive and ruthless retaliation — deliberately world — especially those with large Muslim populations such as India, Pakistan, Egypt, Turkey, Jordan, Indonesia, Malaysia, the Gulf states and the new republics of Central Asia — share a need for internal and regional stability. Terrorism is a state and the description of the state of the with the injustice of their lot and consumed with despair.

Wise and experienced Israeli intelligence officials have conceded to me that the brilliantly "successful" assassination of a Palestinian terrorist leader in Gaza a couple of years ago led directly to the series of suicide bombings that helped bring Benjamin Netanyahu to power — and may thereby have set back Israel's chances for peace for many years to come.

Even those who approve in theory of using military retaliation as a weapon against terrorism would agree, I think, that launching missiles at distant targets as ill-defined as "the infrastructure of terrorism" is neither an effective military strategy nor a credible deterrent against future criminal acts. This will be even more true when the adversary is armed some

day with cheap, do-it-yourself weapons of mass destruction.

Over several years, the United States has tried to control Iraq's behavior by launching similar kinds of standoff strikes against Iraq. Very recently, American policymakers concluded that this was not working. It was costing a small fortune, severely weakening the overall combat readiness of the U.S. armed forces, straining relations with allies, abetting the interests of antagonists and economic competitors, and probably only strengthening the grip that Saddam Hussein holds on his suffering people. So when the Iraqi leader again defied the United Nations inspection regime a few weeks ago, we Americans mumbled some weak excuses and pretended we had not noticed.

Now, by faunching attacks against suspected terrorist targets in Afghanistan and Sudan and threatening more violent retalization in the event of further incidents, we have started down that same dead-end road

The various militant Islamist movements around the world share a common ideology and many of the same grievances, but they are not a monolithic international organization. The recent U.S. attacks, unfortunately, may have inflamed their common zeal and hastened their unification and centralization — while probably adding hosts of new volunteers to their ranks.

The worst nightmare of strategic military and security planners is that a small and weak enemy could hold America hostage by possessing a weapon of monstrous power, yet so insignificant in size and appearance that it cannot be located. The missile strikes sent the message again, loudly and clearly, to all who would count themselves as America's enemies: Accelerate your efforts to acquire new and deadly hightechnology weapons, and manufacture and store those weapons in hard shelters in the midst of your civilian population.

Meanwhile, the bombing portrayed as necessary to forestall additional terrorist acts has produced a level of public alarm in Washington that is precisely what the terrorists hoped to inspire. If terrorists have any outstanding quality besides vengefulness and cunning, it is patience. They may strike back next week, next month or next year. The image of four-star American generals emptying their pockets of coins and keys before passing through the metal detectors at the Pentagon is starkly symbolic of the futility of retaliatory violence.

What worries me most is that the attacks on the targets in Afghanistan and Sudan were reminiscent of what we Americans call "vigilante justice." This kind of policy weakens America's leadership position in the world and undermines the most effective defenses it will have against the terrorist threat: a commitment to the rule of law, dedication to fairness and evenhandedness in settling international disputes, and a reputation as the most humanitarian nation in the world.

The writer, who served in the CIA from 1951 to 1977, is a business consultant who travels frequently to the Middle East.

At Last, in the Fields, A Marker of the West

By Verlyn Klinkenborg

driven west every summer, and every summer the question returns: Where does the West begin?

There are plenty of commonsense answers, the kind that break the country

MEANWHILE

up into regions as neatly defined as the pieces in a child's wooden puzzle. If it were just a matter of political boundaries, I would

not look for the West before the Colorado border. And if it were just a matter of mood, the West would begin in upstate New York on the day I walk the horses into the horse trailer, check the running lights one more time and pull away into the fog of dawn.

The mind travels so much faster than a pickup truck carrying two humans and two dogs, hauling two horses and their gear in a gooseneck trailer. The first day we come to the farms and factories southwest of Toledo, Ohio.

dle to a single paved lane, and cars, meeting each other, drive half on a gravel track and half on the asphalt. A dank sulfurous glow hangs over the truck stops and drive-ins near the Maumee River and the town of Napoleon. The question of where the West begins is mooted, for the moment. It is just another way of asking, When will we get there?

But by early afternoon the next day - western Illinois, eastern Iowa — I get momentary glimpses of a setting that carries me westward a thousand miles at once. It is usually a pasture, rare enough in an empire of soybeans and corn, threaded by a creek. Cattle wander among the trees, one or two of the trunks rubbed bare, bone-white. The scene flashes across

NEW YORK — For the my eyes, conjuring a similar P past few years I have place along Wyoming's iven west every summer. Tongue River or Crazy Woman Creek. Then the corridor of corn resumes, row after row flickering past in the wet August light.

When the polite undulations of Iowa are past and we start the slow westward uptilt of Nebraska, the search for the West begins in earnest. Is it a copse of cottonwoods in a creek bottom? The first herd of horses where the colors of roan and dun predominate?

J am always surprised, driving across Nebraska, that no one thinks to mark the hundredth meridian, somewhere between Cozad and Gothenburg, a well-

The mind travels so much faster than a pickup truck.

known line of demarcation between the humid East and the semiarid West. But There, rural roads dwin- in Nebraska they irrigate the cornfields, so the difference, in vegetation at least, is diminished.

But beyond North Platte, Nebraska, nearing Ogallala, the West begins to preponderate, to win out over the Midwest. The mileage signs give distances to Cheyenne and Denver instead of Chicago and Des Moines.

The low hills in the distance begin to be ridged with pines, and the farms begin to look like ranches. Yet something is still missing, some iconic marker. Sagebrush would do or a small wilderness of yucca or prickly pear.

And there, in the fields

ahead, is the answer. Now I remember, for the answer is the same every year, on this highway at least. The West begins where the hay is put up in stacks.

The New York Times

The U.S. Talk of 'War' **Can Only Fuel Hatred**

By William Pfaff

against Islam is not a good the day after U.S. troops aridea. The president of the rived in Saudi Arabia, fol-United States and his Depart- lowing the Iraqi invasion of ment of State insist that the Kuwait. King Fahd of Sandi attacks on targets in Afghan- Arabia allowed them into his istan and Sudan - two of the country on condition that they poorest countries in the world — had nothing to do with Gulf War was over. Islam. It does little good for The United States them to say that if the people concerned think otherwise.

was Wat

Those people have plausible reasons for what they tains military installations there think, as the man Washington

An anti-American revolution in Saudi Arabia would be a disaster for moderation in the Middle East.

7 bombings in Africa, Osama bin Laden, has insisted.

The Saudi Arabian monarchy has the responsibility, in the eyes of Muslims, of protecting the two principal holy places of the Islamic religion, Mecca and Medina. Mr. bin Laden says that the United States profanes those holyplaces through its military formed" after the king dies. resence in Saudi Arabia.

PARIS — Going to war Africa occurred eight years to would be withdrawn once the

> The United States has not kept that promise. It now is installed in Saudi Arabia in a very big way. It not only mainbut has American officials at work inside the ministries of defense and interior — exactly the situation that existed in Iran before the revolution that overthrew the shah and expelled the United States.

> King Fahd, who now is very ill, accepts this because he fears both Iraq and the Islamic opcan protect him. His brother Prince Abdullah, is reported to personalities in Saudi Arabia.

Washington has convinced itself that it must have military control of the Saudi Arabian and Gulf oil fields. It also is convinced that it knows better than the Saudi monarchy how that country should be governed, and "re-

This was exactly what the The two bombings in U.S. government thought

LETTER TO THE EDITOR

A Vacuum in Russia

Russia's crisis is more than one of bank solvency, the ruble exchange rate or paying foreign holders of recent debt. What the preachers of "reform," from Jeffrey Sachs to the International Monetary Fund, have seemed unable to grasp is that a liberal economy cannot operate in a legal and moral vacuum.

(A Clearly, this involves basics such as tax law and banking and securities-market regulation. But above all, what is sia is not lacking in people needed is a recognition by bankers and entrepreneurs that profits must feed the real economy and not prey on it and that the real measure of an economy is how well it en-

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sures full employment of a country's human and material

As for policy, needed steps include nationalization of the banks, since the state needs to bail them out anyway; revival of purchasing power through the payment of up to a year's back salary or pension, contingent on filling out a tax return for the previous year, and strict controls on prices, trade and foreign exchange.

This would admittedly be a "statist" approach, but Ruswith the skills and motivation to administer it. Western experience shows that such measures need not be permanent. REYNOLD RIEMER.

guarantee an equitable settlement for the Palestinians.

sent a communiqué to Radio France International taking

out the usual slogans.

(as, according to the newspaper, is that of the religious leaders and scholars to whom the communiqué referred, including Mr. bin Laden himself, as well as figures in Pakistan, Afghan-istan, Indonesia, India, and Bangladesh) was not fundamentalist in the extremist sense usually understood in the West, al-

about Iran in the years that led "noble" acts of legitimate up to the anti-American ex- war, necessary to achieve plosion in that country. No goals demanded by the Koran one in the Clinton administration seems capable of grasping that a policy that as an international coalition

catastrophically failed in Iran of Jews (not merely Israelis) is not an intelligent policy to with "Crusaders" (unis not an intelligent policy to apply in Saudi Arabia. The second reason for Iscans), together with those in-lamic hatred of the United side the Islamic nation who position groups inside his States is, of course, the Clin-collaborate with this enemy. country. He believes America ton administration's abandon- The struggle against them ment this year of the Israeli- was presented as the same presumed successor. Palestinian peace process, struggle conducted in the He contributed this comment to The Washington Post. walking away from the prom- 1980s by Afghan Muslims ise Mr. Clinton made in 1993. presence, as are other important on the White House lawn, to of that country. It would seem

> After the embassy bombings in Nairobi and Dar es on wars of civilization. Salaam, a self-proclaimed Graham Fuller of "Islamic Army for the Liberation of Muslim Holy organization financed or directed by Osama bin Laden-

sponsibility for the attacks. The Lebanese daily As Safir has published an analysis of differed in major respects from the usual terrorist rhetoric. It war was written in concise, structured, educated Arabic, with-

Its theological orientation though it was strictly orthodox.

The "nation," the communiqué said, had to be defended, but this was not Saudi Arabia, Palestine, or the "Arab nation," but the "nation" of all Muslims. The communiqué called the African bombings

and the prophetic tradition. The enemy was identified

doubtedly meaning Amerithat the authors of this communiqué have been reading Professor Samuel Huntington

Graham Fuller of Rand Corp. has said of U.S. policy that it has "fueled huge an-- presumably the imosity across the Muslim world" and that "unless Washington seeks to understand that anger, the whole clash of civilizations idea could become a self-fulfilling prophecy."
When U.S. officials say that

a "new kind of war" has bethis communiqué, noting that it gun against "a long-run threat to our way of life" — "a long struggle," Mr. Clinton saidthey contribute to this radicalization and universalization of a conflict which in fact is unnecessary, undesirable, and in which the United States is going to be hurt.

An anti-American revolution in Saudi Arabia would be a disaster for U.S. interests, as well as for moderation in the Middle East, Broken promises to the Palestinians have subverted peace. Cannot the president, the secretary of state, and the national security adviser grasp that they are fueling an explosion in the Middle East for which history will not forgive them?

International Herald Tribune. Los Angeles Times Syndicate.

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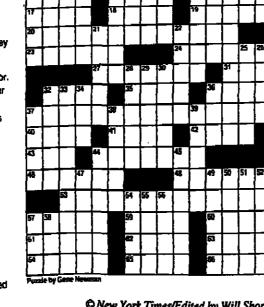
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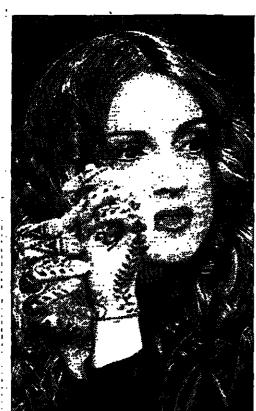
54 W.W. II fare



New York Times/Edited by Will Shortz

ss Award for Seatchi & Seatchi 56 Frolic 57 Snaky sound

every Saturday in The Intermerket



Madonna's henna painted hands started a Hollywood trend. Etro's patchwork haute Bohemian coat, Marni's hippie de luxe panné velvet dress, coat and furry boots. Jemima Khan, right, wearing Voyage's signature decorative cardigan and richly flowered dress.







Voyage to Indian Summer of Exotic and Romantic Clothes

By Suzy Menkes

ONDON - Ah! For mellow, mellifluous days steeped in rich fall colors before the fog-gray of winter sets in. After a rotten summer in Northern

Europe, a scorcher in half the Western Hemisphere, not to mention hurricane Bonnie and Chinese floods, what the world needs now is the sweet respite of an Indian summer.

Fashion is the harbinger of that hope. Even if the stores are already filled with the long felted gray skirts and roll-necked cashmere sweaters that are the trekked from Indian markets or through fashionable winter uniform, there is a late harvest of colorful, intriguing, whimsical clothes that bridge the summer and winter seasons.

Think of the first jacket to cover bare brown arms as a child-sized cardigan, braided in velvet, with a silken lining and trims of tiny rosebuds; or of the summer dress morphed into a slither of tie-dyed velvet; of coats in a patchwork of fabrics; of embroidered vintage-style purses with a dangling fringe of fake fur.
Tie-dye? Patchwork? Vintage?

Afghan passes to urban boutiques reeking of joss sticks?

Even if there is a whiff of India in the signant colors and intricate workmanship, this is elegant, sophisticated, up-scale fashion. To call it "haute bo-hemian," "hippie de luxe" or "ethnic chic" misses the point. This is fashion expressing the ultimate modern luxury: clothes given originality and individuality because they are touched by human

Some of the Indian-summer looks are

designer fashions made in rich fabrics: dercurrent to the bare, spare 1990s. This fall, Voyage is spreading its butterfly wings. In October it opens a collections like Etro of Milan, whose magical paisley patterns and dense floral prints in burnished colors are linked to new London shop in Westbourne

India, while the clothes are given a funky downtown look. Or there is the Italian fur house Marni, where Consuelo Castiglioni offers coats sufted with fur or with Mongolian lamb collars; panné vel-vet skirts and dresses in Rajasthan colors all shown with hairy moon boots.

HE Belgian designer Dries Van Noten has always had a touch of ethnic spice in his straightforward collections of easy pieces - even if that means just a hand-embroidered scarf or a shrunken bolero.

But there is something New Age in

millionaire Madonna showing off hands stenciled with benna, a trend of the moment that has washed over Hollywood. Madonna's wardrobe of soft, layered s — that she has worn

her hair in Pre-Raphaelite curls and start-ed looking soulful and spiritual - leads us to the heart of the matter: Voyage. The London store, set up in a small way seven years ago by an Italian, Tiz-iano Mazelli, and his Belgian wife, Louise, was in the vanguard of a move-ment that has become a romantic un-

international flagship store will open on Hollywood Road, Hong Kong. These are precursors of a New York store, envisaged for 1999. "We created the movement," says Mazilli. "We understood that people

can appreciate beautiful things. And we must have done something right to have built such loyal customers and a business worth £12 million (\$20 million) a

Grove, near Portobello market, at which

a lower-priced or secondary Voyage

line will debut. In November, a first

He defends Voyage's high prices (a typical customer spends £3,000) by showing the quality of the fabrics and the spirit about a fashion movement that has attention to detail. The store's infamous closed door, members-only policy was designed to protect Voyage from copybut has turned into a formi promotional tool. Fashion moths drawn to the red light glowing from this Ali Baba's cave of fashion treasures, hover outside, contenting themselves with a glimpse of a starry clientele from Madonna and the actresses Nicole Kidman and Melanie Griffith to the su-

Evangelista, Kate Moss et al. Down the block on Fulham Road at Voyage's men's store, Ringo Starr might be buying his umpteenth pair of velvet drawstring pants, ordering up a custom-made shirt or choosing a cigar, giftwrapped with a finger ring.

"Ît's the new couture — beautiful fabrics and workmanship, but soft, not stiff like conture," says Mazilli, whose son Rocky and daughter Tatum work alongside their parents.

The secret of Voyage is simple to grasp but difficult to replicate: a sense of traditional luxury given a modern spin by making sumptuous fabrics into simple clothes. That means those famous Voyage cardigans, each one slightly and subtly different, in potpourri colors trimmed with spicy shades of velvet or Chinese braids; slips of dresses in wispy wool-lace with dainty embroideries; velvet coats in Renaissance colors like cardinal red shading to claret. And all this shown in an ambience that reflects the northern and southern characters of the founders: linear light-beams and geometric patterns contrasting with baroque fabrics and voluptuous Belle Epoque murals bought from the Paris Lido.

In brief: These are clothes for people with a passion for fashion in a world permodels Naomi Campbell, Linda governed by a more frigid style.

BOOKS

KAATERSKILL FALLS By Allegra Goodman. 324 pages. \$23.95. The Dial Press.

THE opening sections of Allegra I Goodman's eloquent first novel, 'Kaaterskill Falls,'' suggest a suggest a Shakespearean comedy of manners: There are allusions to "A Midsummer Night's Dream," and hints that the novel's backdrop - a bucolic New York village in the Catskills - is one of those magical green places where confusions can be resolved and transformations effected. The reader expects that the novel's two mismatched couples - Elizabeth and Isaac Shulman and Andras and Nina Melish — will somehow sort out their marital problems during their summer in Kaaterskill, and that their summer neighbors, too, will somehow resolve their dilemmas during their

vacation in this upstate Eden. Although the novel does not disappoint such expectations, its outcome is a far cry indeed from Shakespeare's romantic rondelets. Goodman's visitors to Kaaterskill are followers of a strict Orthodox rabbi called Ray Elijah Kirshner: Adultery and divorce are unthinkable, and their lives are ordered by dozens of rituals and rules, regulating everything from what they may wear to what sort of ovens they can use to cook for the holy days.

Goodman does a marvelously sym-

pathetic job of conjuring up the cir-cumscribed world of the rabbi's followers, conveying the frustrations and rewards of their intensely religious life. She shows us just how i her characters are, and how momentous the most seemingly ordinary events can be in their hermetic world.

As in Goodman's two accomplished collections of short stories ("Total Immersion" and "The Family Markowitz"), the tension between tradition and change, familial responsibility and personal autonomy, continuity and flux provides the motor for her narrative. In fact, her main characters divide into pairs of traditionalists and rebels, ideoogues and iconoclasts.

Isaac Shulman accepts the strict demands of his faith with unquestioning ardor, while his wife, Elizabeth, yearns for contact with, if not immersion in, the outside world. Nina Melish, who has come late to religious tradition, has grown increasingly dogmatic, even as her husband Andras, who lost most of his family in the Holocaust, has grown reasingly skeptical about God.

Ray Kirshner's sons, too, represent two poles: Jeremy, a professor at Queens College, has embraced the intellectual passion of his father, while repudiating his religious dogma; his younger brother, Isaiah, has become his father's cautious, self-conscious heir-apparent, a dutiful but rigid rabbi who insists upon

the letter, not the spirit, of the law. Although these neat pairings of di-

chotomous characters might sound a bit schematic, Goodman writes with such supple understanding of her people that the reader quickly forgets the superstructure of her novel to become absorbed in the small, daily dramas of their lives. As a result, the reader comes to understand the frustrations, fears and hopes of each character, even ones like Rachel, Isaiah's bullying wife, who might ordinarily emerge as simple villains or clowns.

At the same time, Goodman demon-strates, as she did in "The Family Markowitz," her grasp of familial dy-namics, the ways in which dreams and emotional habits are handed down and translated generation to generation.

The one weakness in this novel stems from Goodman's efforts to personify that outside world in several year-round residents of Kaaterskill Falls: a local real-estate baron named Michael King, who is trying to buy up land around the town; King's onetime lover, Candy Walker, a born-again Christian who has had a child out of wedlock, and Una Darmstadt-Cooper, an eccentric hermit who lives in the woods. These subsidiary characters are only sketchily defined.

In the end, however, these people are only minor distractions, easily over-looked and easily eclipsed by the humanity of Goodman's central characters. Indeed, "Kaaterskill Falls" ratifies the achievement of the author's short stories, even as it announces the debut of a gifted novelist.

New York Times Service

Kacheishvili tried to kill off Polgar's

threats with 31 Nf6 Qf7 32 Rd6, but

Polgar set up a queen sacrifice with 32...Qe7 33 Qd1 Rg6! 34 Qa1 Qd6 35

Ne8 Kg8 36 Nd6 Rd6, gaining a power-

then 41...Rg242 Kb1 Rb2! 43 Qb2 e3 44 Kg1 Nf3 45 Kb1 Ng5 46 Qg2 e2. If 41

Ne3, then Re2 42 Nd5.

19 Kh1

Jemima Khan: Shining Through

By Suzy Menkes International Herald Tribune

ONDON - When Jemima Goldsmith married Imran Khan, a former international cricketer turned Pakistani politician, she expected to turn her back on fashion.

The sassy clothes she had worn in Western society as the daughter of the financier Sir James Goldsmith had to be doffed for covered-up styles appropriate to Pakistan.

But now the name "Je-mima Khan" is appearing as a fashion label in London stores. Inspired by the excep-tional handiwork she found in Lahore, Khan has produced a fashion collection based on intricately embroidered tone-on-tone "shadow work" pieces that are traditionally done by Pakistani women at home, using Islamic motifs stamped with a henna block ful attack with her rook and bishop.
Kacheishvili played 40 Qb1 but gave
up without going further. He had no
defense against 40...Ne1! 41 Qe1 e3 42
Kg1 Rg2 43 Kh1 Rg3 mate. If 41 Kg1, and worked from the inside.

They are the ones who are the artists and have an incredible eye," Kahn says. "I don't think that I would appreciate work done by hand if l hadn't lived in Pakistan."

Khan says she worried that people in the West wouldn't understand the subtlety of the decoration and might be wary of embroidery that was not 100 percent symmetrical. She understood the innate luxury of the one-off, one-of-a-kind pieces only when she saw Pakistanis paying a premium for them.

So she set up a fashion company as a charitable organization with all profits 20ing to the Imran Khan Cancer Appeal. The cause was supported by her close friend, Diana, Princess of Wales, who, like Khan, adopted the and headscarf when she visited Lahore.

Although she was photo- or long skirts. graphed in traditional clothes



Condé Nast Public afonsiO. (3) Khan and her son, Sulaiman, pictured in Tatler, wearing pieces from her collection.

for a spread in Tatler mag-azine, her fashions — which that the Khan collection flew mixes of textures, for simple of sell like hot cakes at London's out of the door even before its clothes enriched by hand entraditional shalwar-kameez A la Mode boutique — are designer was given publicity, broidery and for quality, simple modern pieces: slip because it typifies what is Turner says. This is very dresses, ballerina tops, shirts selling in the penultimate much about wanted pieces, a

Josephine Turner, co-di- millennium.

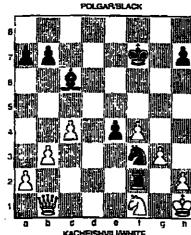
fashion season before the new feeling for things that are dif-

CHESS

By Robert Byrne

TUDIT POLGAR of Hungary has be-J come the first woman ever to finish first in a United States Open. Polgar, at 22 the highest-ranked woman in the world, and Boris Gulko, a Fair Lawn. New Jersey, grandmaster and former United States Invitational champion. each scored 8-1 to share a victory over To achieve her share of the victory,

Polgar had to foil many of her opponents



Final Position

who would have been honored to get a draw with her. In some cases, she had to grind them down in lengthy endings; in others she set sneaky snares.

Her most typical performance was her game against the Georgian grandmaster Georgy Kacheishvili. Polgar won with a decisive attack produced by a fascinating queen sacrifice, the most daring tactical stroke in chess. In the Classical Variation of the King's

Indian Defense, 7... Na6 is a 10-year-old move that lacks the central challenge of 7...Nc6, but in the event of 8 d5 it is wellpositioned to delay c5. Unlike 7... Nbd7, it does not block the black queen bishop.

After 11 f3, it would be wrong to play ...Nh2 because 12 Kh2 Qh4 13 Kg1 Bd4 14 Qd4 Qe1 15 Bh6 Ne6 16 Qf6 Qal 17 Nd5 Re8 18 Nc7 permits no defense against 19 Ne6.

Polgar had to get some open lines for counterattack with 15...15 or suffer a permanently passive position. That's the kind of dare she never declines.

After 19...Bd7, there was no immediate chance for Kacheishvili to attack on the queenside, so he tried to prevent the black pieces from sauntering into his king position by the forcing 20 f4. But the aggressive Polgar soon let loose with the speculative pawn sac-

rifice 23...Nc5!? 24 Nc7 Ne4 25 Be4 Rc4 26 Re4 fe. On 27...Ne5!?, the penalty for 28 fe? would have been 28...Qf3 29 Qg2 Qd1.

KING'S INDIAN DEFENSE Kach'viii J. Polgar Kach'viii J. Polga 22 g3 23 Bg2 24 Nc7 gfi Bg7 dfi 0-d e5 Nafi 3 Nc3 25 Be4 26 Re4 4 e4 5 Be2 6 NI3 7 0-0 27 Nd5 28 Bd4 29 Qe2 30 Bg7 31 Nf6 ed Res Ng4 Ne5 Nc5 Ne6 Oh4 9 Nd4 31 Nio 32 Rd6 33 Qd1 34 Qal 35 Ne8 36 Nd6 37 Ne3 38 Nfl 39 Qd1 40 Qb1 16 ef 17 b3 Rg8 Bd7 Ng4 Rae8

TUESDAY, SEPTEMBER 1, 1998

Chipping Away at Intel

Alliance With Microsoft Comes Under Strain

By John Markoff New York Times Service

PALO ALTO, California - Everywhere around Silicon Valley these days, there seem to be signs that the so-called alliance between Microsoft Windows and the Intel chip, the so-called Wintel duopoly, may be unraveling.

For almost two decades, the fortunes of Intel Corp. and of Microsoft Corp. have been inextricably bound as the two companies have come to dominate the hardware and software hemispheres of the personal computer world.

But recent disclosures from documents obtained by the Justice Department and the states as part of their investigation into Microsoft's business practices show the deep frustration felt by Intel executives in the face of pressure applied by the Microsoft chairman,

Yet, it is changes in computer technology and the explosive market growth of new consumer electronics products that may be working to drive an even deeper wedge between the two companies. And if the two partners do become estranged, it may be intel that feels more

Two other chipmakers, Advanced Micro Devices Inc. and National Semiconductor Corp., have already been giving Intel fits in the growing market for microprocessors for personal computers that sell for less than \$1,000.

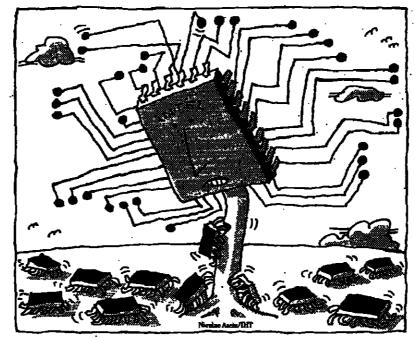
And increasingly, the computer industry's growth is shifting more rapidly than had been expected toward consum electronics devices like cellular telephones and hand-held personal digital assistants, markets in which neither Microsoft nor Intel wields much influence.

In fact, Microsoft's interest in cracking the consumer electronics market is adding to the strains in the Wintel ailiance, as the software maker quietly but actively courts would-be competitors of

In July, Microsoft signed a deal with a Japanese electronics giant, Matsushita Electric Industrial Co., to use Microsoft's Windows CE as the software for a multimedia microprocessor chip that Matsushita is preparing for con-sumer audio and video products like television set-top boxes.

Moreover, the Silicon Valley grapev-ine is full of chatter about Transmeta Corp., a secretive Santa Clara start-up company that is financed in part by a Microsoft co-founder and board mem-

Transmeta officials declined to comment, but one conjecture is that the company is planning a new processor chip that would capitalize on software like Microsoft's Windows CE or Sun Microsystems Inc.'s Java for use in new generations of hand-held computers and



rapidly eroding influence for Intel, the world's largest semiconductor manu-

"What happens is that termites nibble away at the roots of giant trees, and suddenly they fall over," said Richard Doherty, president of Envisioneering, a computer-industry consulting firm in Seaford, New York. "This is a termite-

level pincer move against Intel."

It is not as if Intel has been standing still. The company has chosen to replace its aging X86 microprocessor architecture, the 286, 386, 486 and Pentium The twin threat of Matsushita and series of chips that have been the com-Transmeta seems representative of a pany's cash cow for more than 15 years,

with a new family of microprocessors that would be restricted to the very high end of the computer industry's price range, where PC chip competitors may be unwilling or unable to follow.

The potential flaw in that strategy is that, increasingly, the industry's newest technologies and market opportunities are occurring among lower-priced devices in which Intel has traditionally had little to offer.

As a result some analysts see a chance of Intel eventually finding itself stranded at the upper end of the computer market while the industry heads in

Hong Kong Retreats **And Hang Seng Slides**

Government Slows Buying; S&P Cuts Ratings

By Philip Segal International Herald Tribuna

HONG KONG - Stocks plunged Monday after a battered Hong Kong government stood down from its twoweek, \$12.5 billion intervention in the market and switched its attention to supporting the Hong Kong dollar in the currency markets, traders said.

The benchmark Hang Seng index fell by 7.1 percent, its largest percentage decline since January. It closed down 554.70 points, at 7,275.04. The Hang Seng is now just over 8 percent higher than where it was when the government decided to intervene in mid-August, a process that has turned it into the largest

shareholder in Hong Kong. [Standard & Poor's Corp. on Monday cut Hong Kong's credit ratings, citing the stock-market intervention as one reason AFX News reported. S&P downgraded both the long- and short-term foreign

currency sovereign credit ratings. [S&P said the downgrades reflected a decline in Hong Kong's financial flexibility "due to the growing domestic impact of East Asia's recession, which likely will persist through 1999, as well as the large official purchases in the local equity and futures markets."

[S&P lowered the foreign currency sovereign credit rating to AA-1 from A+/A-1+. S&P also cut Hong Kong's long- and short-term local currency ratings to A/A-1 from AA-/A-1+.

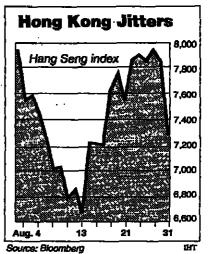
The almost complete absence of government buying of stock Monday came after a \$7 billion buying spree Friday

failed to raise share prices.

Donald Tsang, the Hong Kong financial secretary, who was flanked by other senior government officials when the stock intervention policy was announced in August, was left Friday to defend possible further interventions in the stock market on his own.

'Friday was the Battle of the Somme, which they lost," said the head of sales at a European brokerage. "The big guns have been silenced now."

The government has been battling to reserve the Hong Kong dollar's link to the U.S. dollar at 7.8 to 1. Authorities have accused speculators of driving down stock prices by using the futures market, and have accused them of using



their profits to bet against the currency. By propping up stock prices, the government had hoped to drive speculators away, but Joseph Yam, head of the Hong Kong Monetary Authority, told the South China Morning Post over the weekend that the government had been forced to buy significantly more stock than it had planned.

Intervention in the stock market has now cost the government some 13 percent of its foreign exchange reserves, which are critical for maintaining confidence in the fixed exchange rate.

On Saturday, Mr. Tsang promised that the government would hold on to the shares it bought for the long term, and the government has discussed the idea of new laws aimed at restricting short selling of stocks, a strategy in which traders sell borrowed stock with the intention of buying it back more cheaply. The Hong Kong Futures Exchange has also made it more expensive to speculate in Hang Seng index futures.

The government bought small amounts of stock Monday, a sales executive at a U.S. brokerage said. But the emphasis shifted to the currency markets, where, in a less visible intervention, the government has also been spending huge amounts to defend the Hong Kong dollar, he said.

'The numbers are similar between See DROP, Page 15

Are All Those Bears Murmuring 'Recession'?

By Edward Wyatt New York Times Service

NEW YORK — The sharp sell-off in stocks has led a growing number of people on Wall Street to wonder whether the stock market, often a leading economic indicator, may be forecasting a recession in the United States.

The stock market is down nearly 14 percent in the last six weeks, with more than a third of those losses coming in the

The stock market has not experienced such a prolonged downturn since 1990 when the United States last slipped into a recession.

So far, few economists believe the end of the nation's seven-year economic boom is near. Like most of the investment strategists on Wall Street, they think that even if stock prices had risen too high, jobs are plentiful and housing is booming. And there are no indications of inflation that might cause the Federal Reserve Board to raise interest rates, the typical precursor to an economic

slowing because of the economic differentiation and elsewhere, ogy. "The average investor doesn't be-

there are few signs yet that this weakness is widespread enough to cause the total U.S. economic output to begin to

But if the drop in stock prices con-tinues, it could shake the confidence of the many American consumers who accumulated considerable paper wealth in the 1990s bull market.

If these consumers begin to cut back their spending, that might be enough to further weaken corporate profits, sending the economy into at least a stall, if not a downturn.

And beneath the surface of the booming American economy is a disparity that financial analysts say cannot last.

Americans recently have been spending faster than their incomes have been rising," said Greg Smith, the chief investment strategist at Prudential Securities. "Could their spending be even stronger next year? I don't think so.'

In recognition of that fact, Mr. Smith said, the stock market is anticipating "a profits recession, if not an economic

Still, many economic experts say the

lieve he will be impacted by this" recent decline in stock prices, said John Cleland, the chief investment strategist for the Security Benefit Group, a mutual fund company in Topeka, Kansas.

"The enormous wealth that has been created over the last three years means that most people are playing with the house's money," he continued. For their outlook to change, investors will have to get a sense that the money they are losing is their own.

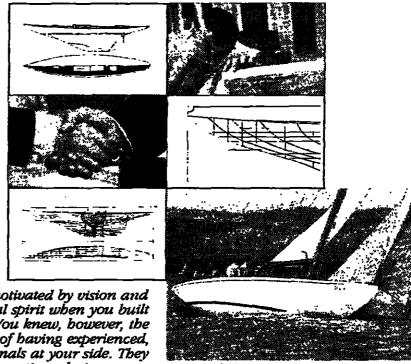
Albert Wojnilower, an economist at the Clipper Group, a Wall Street investment firm, agrees. "If the stock market does not fall much from where it is now, I think all this will have zero effect on people's spending habits," he

Yet some investors already appear to be pulling back from the stock market, perhaps in recognition that more of Americans' total wealth is tied up in stocks today than at any time since the end of World War II. Individuals have rushed to buy more stocks after every significant market decline since 1990 But in recent weeks, as many of their Even though corporate profits are market's decline has not yet been severe mutual fund investments have begun to show losses for the year so far, investors have been funneling more cash into the

safer havens of money market funds. Some of that reaction can be traced to the general feeling of uncertainty about the future that has grown in recent months, as economic troubles overseas have worsened

"It isn't that the stock market is predicting a recession," Peter Bernstein, a New York economist and consultant, said. "What's happening is much more complicated than that. There is a sense that people really don't understand what makes the world work, and they don't know what to do about it. Two months ago, people understood how the world worked, and in case anything happened, Alan Greenspan was there to make everything come out right."

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Malaysia to Consider 'Drastic' Measures Tuesday, which will effectively end trading of Malaysian shares in Singa-

KUALA LUMPUR -- Prime Minister Mahathir Mohamad will convene a special cabinet meeting Tuesday to discuss "drastic" measures to revive Malaysia's crisis-hit economy, officials said Monday.

The meeting comes after a rocky week in which the Southeast Asian nation officially fell into recession and its two top bankers resigned. A source close to the cabinet said Mr. Mahathir considered the economic problems very serious."

Although cabinet sources would not indicate what would be on the agenda, it is likely that ministers will discuss the resignations last week of Ahmad Mohamad Don, the governor of the central bank, and his deputy. Fong Weng

Mr. Mahathir has admitted that there was a rift over monetary policy between the central bank and the government. Mr. Mahathir and Daim Zainuddin, the special economics minister, have been pushing for lower interest rates as part of an initiative to lift the sagging economy, which contracted 6.8 percent

Cross Rates

in the second quarter.
Mr. Ahmad and Mr. Fong were uncomfortable with that strategy and pre-ferred to quit Bank Negara, sources close to the central bank have said.

Sources dismissed rumors that Kuala Lumpur was considering capital controls to try to restrict money leaving the country. "It has nothing to do with capital control," a source said. But economists say such action may

be the only way to protect the faltering ringgit if interest rates are cut further. The currency has lost 40 percent of its value over the past 14 months. A source said the two main issues confronting the economy were the un-

stable exchange rate and speculators. "The drastic measures should not be viewed negatively," the source said. "It may facilitate foreign investors."

Mr. Mahathir has promised "shock-

speculation that foreign-exchange controls may be implemented.

On Monday, the Kuala Lumpur Stock Exchange said it would ban trading in the country's stocks overseas beginning

ing" measures to help revive the economy, and there has been widespread

seeking since July to end what it calls the growing influence of Singapore's over-the-counter market on Malaysian The key stock index in Malaysia has

plummeted 53 percent in dollar terms

'We want to bring all off-market

transactions into the exchange," said Azlan Hashim, chairman of the Kuala

The government said the rules aimed

to increase financial transparency and

protect investors. But they appear to

target the trading of Malaysian compa

nies on a Singapore exchange called Clob International. Malaysia has been

Lumpur Stock Exchange

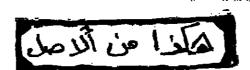
It was not immediately clear if Kuala Lumpur could force a halt in the trading of Malaysian stocks on Clob. Most of the stocks trading on the exchange are Malaysian. Kuala Lumpur contends that speculative buying and selling of its stocks in Singapore is influencing do-

mestic markets. (AFP, AP, Reuters, Bloomberg)

CURRENCY & INTEREST RATES

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Very briefly:

 Tyson Foods Inc. will take \$196 million in pretax charges in the financial fourth quarter ending in October to close or sell factories, grain mills and fishing boats, as the company focuses on its poultry business. The charge is also being taken to cover losses in Russia and Asia.

Hicks, Muse, Tate & Furst Inc. agreed to pay \$350 million for a 35 percent stake in Triton Energy Ltd., an oil and natural gas exploration company that needs cash to develop

• The Central Bank of Brazil said \$7.7 billion left the country between Aug. 1 and Aug. 28 as banks bought up U.S. dollars from the central bank amid a global market rout.

• Boeing Co. does not plan to abandon joint projects with its Russian partners because of the economic crisis in Russia. · Canada said that total economic activity edged down 0.1 percent

in June from May for its third consecutive monthly decline. • Viacom Inc., plans to start repurchasing as much as \$1.75 billion of its stock in a bid to boost its stock price.

• FLAG Financial Corp. plans to merge the operations of \$1.6826 Brown Bank, Heart of Georgia Bancshares Inc. and Em-

pire Bank Corp. into FLAG. Bloomberg, Reuters, AFP

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World Index	170.13	— 5.71	-3.25	-1.15
Regional Indexes				
Asia/Pacific	69.42	+ 0.08	+ 0,12	— 27.74
Europe	209.81	1.55	— 0.73	+ 8.69
N. America	221.67	17.02	— 7.13	+ 2.63
S. America	81.58	3.32	3.91	— 46.56
Industrial Indexes				
Capital goods	224.31	13.88	5.83	+ 8.59
Consumer goods	210.68	8.43	3.85	+ 0.45
Energy	174.54	-221	- 1.25	— 10.47
Finance	117.68	— 1.66	1.39	- 4.29
Miscellaneous	129.76	— 5.43	-4.02	— 13.42
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Stock Slump **Takes Toll** On Dollar

Compiled by Our Staff From D NEW YORK - The dollar fell against the Deutsche mark and the yen on Monday as investors digested the impact of the falling U.S.

stock market. Pressure came from speculation that the Federal Reserve Board may be forced to cut U.S. interest rates to

avert a stock-market collapse. Fears of "a serious global recession" have led analysts to expect the Fed to lower U.S. interest rates,

FOREIGN EXCHANGE

said Marc Chandler, senior currency analyst at Dentsche Bank. The shift in perception of Fed

policy, even though premature, is significant," Mr. Chandler said. The dollar was quoted at 4 P.M. at 1.7525 Deutsche marks, down from 1.7590 DM on Friday. The dollar slipped to 140.550 yen

from 141.975 but was supported by still more signs that Japan was having trouble pulling its economy out of its slamp. One of the country's biggest

banks is pleading its case this week in Parliament for a bailout using taxpayer money. The dollar also was supported against the yen by re-newed military tensions in Asia after North Korea successfully fired a missile into waters off Japan.

The deepening global turnult and

losses from investments in emerging markets have investors worried. In part of an effort to cover those losses, traders have started to liquidate profitable positions else-where, and that includes U.S. equity and currency markets, traders said.

Against other major currencies, the dollar held at 5.8960 French francs but fell to 1.4360 Swiss francs from 1.4403.

The pound fell to \$1.6801 from (Market News, Bridge News)

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AMEX

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US West Reaches Tentative Agreement With Striking Union

DENVER - US West Inc. and the Communications
Workers of America have reached a tentative agreement on a new three-year contract, ending a two-week strike by 34,000 workers against the sixth-largest U.S. local telephone company.

The agreement, reached late Sunday, would increase wages by 10.9 percent and pensions by 21 percent over three years, US West said. The company provides telecommunications services to more than 25 million customers nationally, including local phone service in 14 Westem and Midwestern states.

US West accepted a union demand for less mandatory overtime and agreed to union input on a pay-for-performance plan that would be voluntary for both current and future workers.

The strike, the first in U S West's 14-year history, began on Aug. 16.

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Wookend Box Office

LOS ANGELES - Blade dominated the U.S. box office over the weekend, with a gross of \$11.1 million. Following are the Top 10 moneymakers, based on Saturday's ticket

. Blade	(New Line Cinema)	\$31.1 million
Something About Mary	(Twentish Contay-Fox)	\$8.8 mãiion
Saving Private Ryan	(DreamWarks)	SS.3 million
.54	(Albamad)	S6.6 million
. Witer Do Fools Foll in Love	(Warner Bros.)	\$4.2 million
Ever After	(Twentieth Century-Fox)	S4.0 million
Snake Eyes	(Poramound)	\$3.7 million
How Stella Gat Her Groove.	(Twentieth Cantum-Fox)	\$3.6million
Dance With Me	(Columbia Pictures)	S3.0 million
D. Dead Man on Campus	(Paramoual)	\$2.9 million

U. S. STOCK MARKET DIARY

NYSE

New Evidence Is Possible in Microsoft Lawsuit

By Steve Lohr New York Times Service

NEW YORK -- The U.S. govemment and 20 states suing Microsoft Corp. are planning to ask a federal judge to admit new evidence in their major antitrust case against the software maker, according to a person close to the investigation.

The Justice Department and states were scheduled to reply Monday to a Microsoft motion requesting Judge Thomas Penfield Jackson to reject or pare back the case.

close to the investigation said that Microsoft corporate headquarters, the government and states had not outside Seattle, where the first two yet reached final agreement on sessions were held. what fresh evidence to include, and

The Gates deposition, taken in crosoft.

The Seattle Times reported Sunday that the new accusations would be made Monday. But the person scheduled for Wednesday at the

In his videotaped testimony, Mr. that they would discuss the matter Gates, according to a person who Monday morning.

Gates, according to a person who was informed of Mr. Gates's The move to bolster the antitrust replies, has hewed to the comcase comes as federal and state pany's line throughout the case, investigators interrogating Bill denying any wrongdoing in its purcided that they needed an unex- to browse the Internet - the main pected third day to question him. focus of the case against Mi-

Specifically, this person said, Mr. Gates denied any knowledge of attempts to persuade or force Netscape Communications Corp. an Internet pioneer, to divide the market for browsing software. The government and states contend that Microsoft proposed a collusion pact, which was rejected by Net-

Under the law, the government and states can include new evidence in their case, but only if the fresh evidence meshes closely with charges already in the complaint.

scape, during two meetings in June

MARKET: Dow Plummets 6.37% to Erase Gains of 1998

Continued from Page 1

Yahoo! Inc. each lost more than 15 percent of their values. Dell finished down 1814 at 100 and Yahoo! ended down 14 1/16 at 69.

'There has been a lot of damage done," Mr. Collins said, but Wall Street "is still the only game in town. Whether we go to 6,000 or whether we go to 4,000, you've still got to put money to work somewhere, and people aren't going to just keep it under their mattresses

Mr. Metz, however, suggested that investors would opt for the safe haven of Treasury bonds and shortterm investments such as certific-ates of deposit, which offered the prospect of modest gains against the threat of losses in stocks.

The Treasury market beliwether, the 30-year issue, rose I 3/32 point to 103 17/32, where its yield was a record low 5.27 percent, down from 5.34 on Friday.

Bonds also drew some strength from two reports indicating some weakness in the economy: the govcomment said single-family home sales fell 1.6 percent in July, to an annual rate of 886,000 units after downward revisions for May and June, and the Chicago branch of the National Association of Purchasing Management said its index of Midwest industrial activity fell to 49.3 in August, below the 50 level that divides recession and expansion, from 57.6 in July.

But neither report was an unmitgated sign of broad weakness in the economy. Home sales remain "robust," according to a report from Stan Shipley, senior economist at Merrill Lynch & Co., while the after Chancellor agreed to buy Cap-Chicago purchasing managers' re-star Broadcasting Corp. for \$4.1 bilport has been out of step with the national survey, the August edition of which is due out Tuesday.

double-digit percentage increases in company into a powerhouse in radio,

bonds seems paltry.
The Dow ended 1997 with a gain of 23 percent, following advances of 33 percent in 1995 and 26 percent in

Technology issues were particularly hard hit amid concern that slowing global economic growth could hurt sales of computers and related equipment. Compaq Computer was the most-active issue on the New York Stock Exchange,

dropping 2 13/16 to 27 15/16.

their stock holdings over the past three years, the yield on Treasury bonds seems paltry.

The Dow ended 1997 with a gain

Other leading computer related stocks showing big losses in Nasdaq trading were Cisco Systems, down 12 13/16 at 81%, Microsoft, off 9 5/ 16 at 95 15/16 and Intel, down 5 13/ 16 at 71 3/16. On the New York Stock Ex-

The S&P 500 index closed down change, America Online was off 13 69.61 points Monday at 957.53, a 1/2 at 81 15/16 and International Business Machines was 9 15/16

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loss of 6.78 percent for the day. The index is now 1.33 percent below its December 1997 close.

Technology is a state of late selling added 300 points to the Dow's loss. ended sharply lower. Chase Man-hattan fell 3½ to 53 and Citicorp was down 91/4 at 1081/4.

Among the drug companies, Pfizer fell 7% to 94.

Other popular issues showing large drops were Coca-Cola, which ended 7 7/16 lower, at 651/4, and General Electric, which fell 51/4 at 80.

Chancellor to Buy Outdoor Advertiser

Media Corp. said Monday it would buy Whiteco Industries Inc.'s billboard unit for \$930 million, making it one of the top five U.S. outdoor advertisers by more than doubling The cash purchase of Whiteco

Outdoor Advertising adds 21,800 displays in 34 states, including cities such as Chicago, Dallas and Indianapolis. Chancellor's billboard business will generate pro-forma revenue next year of \$245 million. The move comes less than a week

lion, which will make Chancellor the largest U.S. radio broadcaster. The acquisitions are part of Chairman For investors accustomed to the Thomas Hicks's strategy to build the

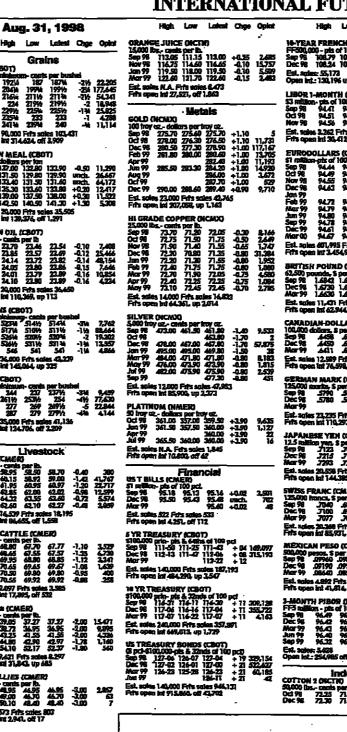
Bloomberg News TV and billboards, seeking to attract IRVING. Texas — Chancellor advertisers by broadening its reach in local markets.

Chancellor shares fell \$5.9375 to \$35.3125 on Monday. Chancellor has been expanding

on several fronts in the past year, aggressively snapping up radio stations and entering the billboard and TV businesses. Since June, the company has announced acquisitions (1) totaling almost \$8 billion, including the \$610 million purchase of the closely held billboard company Martin Media LP.

Chancellor also bought TV broadcaster LIN Television Corp. for \$1.7 billion in July. And with the Capstar purchase, Chancellor will have 463 radio stations in 105 markets. That is more than double the size of its nextlargest competitor, Clear Channel Communications Inc.

INTERNATIONAL FUTURES



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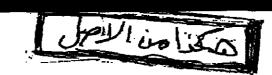
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To Our Readers London markets were closed Monday for a holi-

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The 1998 International Herald Trib

Dear Reader As a reader of the International Herald Tribune, you are of vital importance to the newspaper, whether you are a regular, occasional or even a first-time reader. Only by knowing more about your thoughts on the newspaper content, your lifestyle and your business, can we endeavour We would be very grateful if you could take the time to fill in this questionnaire, fold it following the instructions on the reverse side and post it (the postage is already paid). For every reply we receive we will donate a dollar to a charity. If you wish to enter our free prize drawing, please fill in your name and address in the space provided below - two winners will be sent a decanter of fine Champagne Cognac Extra from Rémy Martin. Thank you very much for your time. Tete C. Palemonte L. Peter C. Coldmark JR Chairman and Chief Executive World Wildlife Fund Please indicate your responses with an X in the appropriate boxes. YOU AND THE INTERNATIONAL HERALD TRIBUNE... ► How often do you usually read or look at the IHT? 5-6 days a week 1-2 days a week 2 cen 3-4 days a week Less than once a week → How do you usually obtain your copy of the IHT? Home subscription Airline Personal office subscription Hotel Colleague/friend/relative Newsstand Newsstand Other only read the IHT when traveling - And how many people excluding yourself usually read your copy of AMEX Gold/Platinum Five or more AMEX Green Two No-one else ____ Visa Gold/Premier - ► On average, how much time do you spend reading the HT? Less than 15 minutes 1-2 hours MasterCard Gold 15-29 minutes 2-3 hours Other MasterCard 30-44 minutes Over 3 hours Not sure 45 minutes-1 hour - For a typical issue of the IHT, what percentage of pages do you look at or read from before you discard the newspaper? 100% Cognac 20% [___] m Less than 20% Blended/malt whisky Canadian/US/Irish whiskey Usually, how many separate times do you pick up your copy of the Gin iHT before you have figished with it completely? **WRITE IN** 7 - How many other daily newspapers do you usually read? [Please include all daily titles whether they be international, national, or local) Three Five or more 200 par One [Two 2 No other Four 🔼 - If you had to rank by order of importance to you personally the daily newspapers you read, where would you rank the IHT? Who chose it? First Second Third Other (WRITE IN) 9 - Please indicate your level of agreement with the following statements regarding the HT: personally owned car? company owned car? Agree Heither agree Disagree Publication I want to read You can believe what you read in it I look forward to reading it is a leisurely read is a publication i read thoroughly rather than skim 10a-▶Do you ever read the HT on the internet? No Ha Yes 🗔 10b-► If yes. Each day AIR TRAVEL... 11 - Approximately how many international air trips have you made in the least 3 out of 4 issues)? last 12 months? **Business Pleasure** Business Pleasure 11-15 trips 1-3 trips 16-20 trips 4-6 trips 21 + trips 7-10 trips

12 - Which, if any, of the regions listed below have you visited by air in

மெய

Central America/Caribbean

Business Pleasure

Business Pleasure

Hong Kong

Middle East [____]

Two Three or more man

Trips of 4 hours

the last 12 months?

Netherlands Scandinavia [

Switzerland

Eastern Europe

Other Europe

Australia New Zealand

First Class

Economy

None One

Business Class

Spain

UKĽ

Airica 139-39

13a- For business trips what class of travel do you usually use?

Trips up to 4 hours

13b- How many frequent fiver clubs are you a member of?

Belgium/Luxembourg

Austria

Nukes

٠.١

WIN A DECANTER OF FINE CHAMPAGNE COGNAC EXTRA FINE CHAMPAGNE COGNAC To thank you, a dollar will be given to a charity of your choice. Please indicate which of these charities should benefit from your dollar donation. Cancer Research Médecins Sans Frontières International Red Cross [] 14 - Approximately how many nights have you spent in hotels on business in the last 12 months? 1-7 [15-29 50-74 30-49 75+ 15 - ▶ In the last 12 months, have you: flown in your own private plane? flown in your Company's plane? ABOUT YOUR LIFESTYLE... 16 - Which, if any, of the following cards do you use? (Please check all that Any other card [177] III (12) International telephone calling cards: - AT&T 1318 Other Visa - MCI L _] (19) Sprint Lang Any other intil calling cards 17 - Which of the following items have you bought in the last 12 months, whether for yourself, your household or as a gift? (Please check all **Perfumes** Watches .lewelry Designer clothing 18a- ► How many cars do you have in your household? three or more 3 134 18b- ▶ Do you have a company car? Yes Your company 18c- What is the size of the engine of your: under 1999cc 2000-3000cc over 3000cc 3 | 1381 3 | 1381 19 - Which of the following do you currently use? Personal computer 2 Laptop/notebook/handheld computer ____ un Video conferencino Cellular/mobile phone Compact satellite phone The Internet/other on-line services: - for business and finance information [_____ in] - for general information (45) 20 - Which, if any, of the following publications do you read regularly (at Financial Times The Economist [_____ @1] USA Today 1 577 The European 1 827
The Asian Wall Street Journal 5 54 Far Eastern Economic Review 1 827 The Wall Street Journal Europe ____ con Newsweek [BusinessWeek Time Land 21 - Which, if any, of the following have you done in a business or personal capacity in the last twelve months?

Acted as adviser to another company []

Had an article, paper or book published issue

Been interviewed on TV, radio or by the press I may

Sat on an industrial/professional committee

A student

Owner/Partner 7731 Politiciar/Government Minister 7731 (74)

Retired [

Diplomat/Senior

Government Official

Medical [

Education 1

Clerical position

Other job/position [7]

(WRITE IN)

Legai L

Lobbied or advised members of national/local government [Been involved in an environmental/conservation/animal welfare group []

YOUR WORK...

Not in paid employment/other

Working full/part time

23 - What is your job title or position?

Chairman/President/CEO

CFO/Finance Director/Treasurer

Managing Director

Vice President

General Manager

Department Head

Other senior position

Other Director/Manager

Consultant

22 - Are you currently:

24a- ▶ What is the main activity o	f your organization?
Manufacturing/engineering [ne Computing m
Primary industry/utilities [2	Telecommunications Dither business services
Wholesale/retail	Education Education
Travel/tourism/transportation	Medical 🔄
Publishing/printing/ E broadcasting	Legal E
Banking [1]	Government/diplomatic
Other financial services.	Other (WRITE IN) (res.
24b- ▶ For those of you working i	n the financial sector, which of the
following best describes yo	?
	Financial Analyst [
	Portfolio Manager III
Other (WRITE IN)	
25 - ► How many people does you	r organisation employ?
	Country of residence World-wide ; Under 10
	10-49
	50-99 1 100-249 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
	250-499
	500-999 <u>1</u>
	5000+ 🗔 🔲
Does not operate of	utside your country of residence
	of the goods or services listed below you
are wholly or partly respon purchase, lease or change :	sible for your company's decisions to suppliers?
Desktops/PCs	Other financial services 114-15
Software Network systems	Business services Company vehicles Company vehicles
Telecom systems/equipment/services	Company vehicles ::::::::::::::::::::::::::::::::::::
Other office equipment/technology [Commercial banking services [Conferences/trade fairs/exhibitions 22.73 International courier/freight services 22.73
Investment banking services	Plant and equipment/raw materials is-2
Corporate investments	Bus, premises/industrial site selection () (6-2
27 - Do you have international	responsibilities in your job?
	Yes No Inser
ABOUT YOU	
28 - ▶ i am:	Male Female m
 29 -▶Age:	······································
Under 25	35-44 55-64 53
25-34	
	45-54 65+ 5
	have either living at home or away from e financially responsible)?
30 More (but for whom you ar	have either living at home or away from e financially responsible)? One Two Three Four or more;
30 - Now many children do you home (but for whom you ar	have either living at home or away from e financially responsible)?
Home (but for whom you are a) aged under 15 b) aged 15 or over	have either living at home or away from e financially responsible)? One five fine Four or more
Home (but for whom you are a) aged under 15 b) aged 15 or over	have either living at home or away from e financially responsible)? One Two Three Four or more to the financial to the finan
130 - How many children do you home (but for whom you are home (but for over but	have either living at home or away from e financially responsible)? One Two Three Four or more
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BO - How many children do you home (but for whom you are home (but for whom you are home a) aged under 15 b) aged 15 or over believed by aged 15 or over by thick country do you curred white IN	have either living at home or away from e financially responsible)? One livo Three Four or more and to a continuous and to: One livo Three Four or more and to a continuous and to a con
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10 - How many children do you home (but for whom you are home (but for whom you are home a) aged under 15 b) aged 15 or over 5 1 - Which country do you curred warre in Less than 1 year 1-2 years 5 13 - Which country are you a Crew warre in Less than 1 year 1-2 years 5 Walte in Less than 2 years 6 Walte in Less than 3 year 1-2 years 6 Walte in Less than 4 year 1-2 years 7 Walte in Less than 5 year 1-2 years 7 Walte in Less than 6 year 1-2 years 8 Higher university degree level 9	have either living at home or away from e financially responsible)? One livo Three Four or more can ently live in? Pring in your country of residence? 2-5 years 10 years + 10 years + 10 years tizen/National of? Standard university level 10 years Secondary/high school level 15 years Yes No ed ying for an MBA?
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EUROPE

Alcatel Chief Severs Ties to Aerospatiale

TOULOUSE, France - Serge

Tchuruk, chairman of Alcatel SA, resigned Monday as a board member of Aerospatiale, a casualty of the government's haste to restructure its fragmented aerospace industry.

Mr. Tchuruk resigned to protest the merger of state-owned Acrospatiale and Marra Hantes Technologies, a competitor to Alcatel in satellites. Aerospatiale had no immediate comment.

Mr. Tchuruk saw a "potential conflict of interest" between his role as chief of Alcatel, which recently bought Aerospatiale's satel-lites business, and his role as director of Aerospatiale, which is now buying Matra, the parent company of the satellite-maker Matra Marconi Space, an Alcatel spokesman

France wants to create aerospace companies powerful enough to play a leading role in any pan-European restructuring of the industry. Once national consolidation is completed, athe companies will be ready to prepare for cross-border mergers to tackle U.S. competition.

Since Mr. Tchuruk's appointment as chief executive at Alcatel, the company's shares have more than doubled in value as he focused the company on its core telecommunications company, moving it into higher-margin businesses such as mobile communications and high-

speed data transmission. The French government has made two key maneuvers in the past 12 daily newspaper Die Welt. "The months to consolidate its industry. In April, Alcatel became the biggest corporate shareholder in Thomson-CSF, Europe's largest defense-electronics company. The second move, announced in July, is a plan for Aerospatiale to buy from Lagardere cludes the satellite-maker Matra Marconi Space.

each got a 22.4 percent of Thomson-CSF. Mr. Tchuruk was appointed to 'Aerospatiale's board with that

BIS Cites Ebb in Lending to Asia

Compiled by Our Staff From Disputcher

BASEL, Switzerland - Foreign banks more than doubled their lending to Russia in the first quarter of the year from the previous period as they shifted funds from Asia, the Bank for International Settlements said.

New international lending to Russia rose to \$3.26 billion from \$1.44 billion in the fourth quarter of 1997, bringing the total to \$61.4 billion, the bank said in a report The bank said the financial to \$1.44 billion, the bank said in a report The bank said the financial to \$1.44 billion and Pussia model. released late Sunday. Asian lending fell by \$33.72 billion in the first quarter after a fourth-quarter decline of \$27.47 billion.

period through March, they do not report said, and greater interna-reflect the financial turmoil that tional cooperation is needed. has prompted foreign investors to flee Russian assets since then.

BERLIN - The total number of

people registered as unemployed in

Germany is expected to slip tem-porarily below 4 million in the an-

tumn before rising again for seasonal reasons, the Federal Labor Office

president, Bernhard Jagoda, said in an interview published Monday.

rarily dip below the 4 million level

in the annum, before memploy-

ment will start to rise again for sea-

sonal reasons," Mr. Jagoda told the

average for the year as a whole will be just under 4.3 million."

"I expect that we will tempo-

German Jobless Total Seen

Falling Below 4 Million

in emerging markets, said the Bank for International Settlements, a "central bankers' bank" that tracks international money flows. That reluctance "has undoubtedly heightened the vulnerthere be a new wave of dismrb-

The bank said the financial turmoil in Asia and Russia underlined banking structure. The global sysecline of \$27.47 billion. term is "increasingly beyond the be forthcoming in some coun-Because the figures cover the reach" of national regulators, the tries," the study said.

years," he said. "We will need many years to reduce it again."

4.134 million, on a nonseasonally adjusted basis. The jobless rate rose

to 10.7 percent from 10.5 percent.
Official figures for August are

scheduled to be released Sept. 8, but the German news agency DPA said

it had obtained data that showed the

jobless total fell to an unadjusted 4.1

Separately, a member of Germany's panel of economic advisers,

or "five wise men," criticized un-ion demands Monday for strong

wage increases and said wages

should rise no more than 2 percent in

Rolf Peffekoven, member of the

government's panel of economic advisers, told Saar Radio that there

was no room for big pay increases in

light of the country's high unem-

unemployed find a job." he said.

"Under these circumstances, I think

that wage increases of around 2 per-

Only wage restraint will help the

the next round of pay talks.

million in August.

In July, the jobless total stood at

Overall, international banks year, financial turbulence has showed greater reluctance to lend again rocked the region and lent a "new sense of urgency" to the need for crisis prevention and resolution, the report said.

A consensus seems to be developing on the need for improved information, reduced reliance on ability of these countries should short-term capital and other measures in Asia, the report said. But ances or a reappraisal of market these may not be enough to prevent crises and will take time to establish, it added.

A commitment by Asian govthe need to reform the world's emments to rapidly adopt such measures "doesn't yet appear to

The report also said the region's uonal cooperation is needed.

Although market tensions in Asia eased somewhat earlier this governments needed to decide how to share the financial costs of crises.

(Bloomberg, AP)

Shell in Talks With Texaco Inc.

LONDON — The Royal Dutch/Shell Group said Mon-day that it was in talks with Texaco Inc. and other international oil companies that might lead to a merger of their Euro-

pean refining operations.
"We are looking for growth opportunities and we could, as part of the process, look at a merger or any other form of alliance," said Cerris Tavinor, a spokeswoman for Shell in London. "We are talking to a number of parties, and Texaco is one of those parties."

Ms. Tavinor said the talks were limited to a venture between the two companies in refining and fuel marketing in Europe. She said a report that Shell might bid for Texaco in full was "speculation."

A merger between Shell and Texaco could produce savings in the billions of dollars on the scale of British Petroleum Co. and Amoco Corp., which have said they plan to combine in a \$54 billion stock swap.

Credit Suisse Gets Out of Reinsurance

Compiled by Our Staff From Disputches

ZURICH — Credit Suisse Group said Monday that it planned to sell its reinsurance arm to PartnerRe Ltd., a Bermuda-based reinsurer, for 1.13 billion Swiss francs (\$774.5 million), a move signaling an exit by Switzerland's second-largest bank from the business of assuming risk for insurance companies.

PartnerRe, which protects insurers from unusually large concentrations of claims, agreed in principle to buy the unit from Credit Suisse's Winterthur Insurance Co. unit. The companies expect to sign a firm contract by Oct. 1.

The transaction takes Credit Suisse out of the increasingly com-petitive reinsurance market as it continues to reshuffle Winterthur's portfolio to focus on its most profitable units. The move also follows Winterthur's sale of its 51 percent stake in the Australian insurer HIH Winterthur in July.

"Winterthur often said that its reinsurance activities weren't crucial to its business," said Victor Damman, an analyst at Bank J. Vontobel & Co. "And it looks like they got a fair price for the business." In Zurich, Credit Suisse shares

fell 8 francs to close at 253.50. PartnerRe gets a unit that had gross premiums of \$837 million in 1997, total assets of over \$3 billion and a more diverse product and geographic mix. PartnerRe stock fell 87.5 cents to \$40.375 in late trading on the New York Stock Exchange.

"This greatly strengthens PartnerRe's presence in Europe," said Alice Schroeder, an analyst at PaineWebber, "It transforms it into a broad-based, multiline rein-

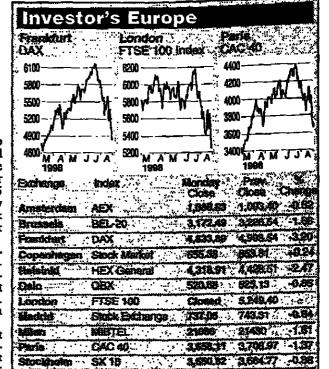
One of the main activities of the reinsurance businesses is insuring insurance companies.

Credit Suisse's banking group an-nounced its takeover of Winterthur, Switzerland's second-biggest insurance company, last year. The financial services industry has been consolidating as companies buy

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Very briefly:

• The European Union's annual inflation rate fell to 1.5 percent in July, down from 1.6 percent a year earlier, the inflation rate in the 11 countries that will take part in a single currency as of next January remained stable at 1.4 percent.

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• Kerry Group PLC, Ireland's largest food processor and distributor, said first-half profit rose 15 percent, to 30.9 million punts (\$43.4 million) as it expanded through acquisitions. Sales rose 24 percent, to 777.9 million punts. Kerry is raising its interim dividend to 1.68 pence per share from 1.46 pence. • Royal Grolsch NV shares soared 15 percent, to 53.5 guilders (\$28.68), after the brewer said it would oppose a takeover bid from Interbrew NV of Belgium, which said it would not make a hostile bid.

 Germany's construction industry suffered a 1.4 percent decline in new orders in June from a year ago as demand for commercial building projects dropped in the Western part of the country, the HDB industry association said.

 Toyota Motor Corp., through two subsidiaries, is building a \$44 million factory in Dresden to produce compressors for automotive air conditioners.

 The Netherlands consumer confidence index fell to 19 in August from 23 in July as optimism about the Dutch economy was eroded by concerns about the economic turmoil in Asia. The index reached an all-time high in May and June as the jobless rate sank to a 17-year low of 4.2 percent.

• Finland, home of Nokia Oy, the world's No.2 cellular phone maker, has become the first country to see a majority of competitors to increase market the population own a mobile phone. The Ministry of Transport share, reduce costs and expand into and Communications said that of 5.14 million Finns, 2.57 other businesses. (AP, Bloomberg) million had a mobile phone subscription.

Toronto

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'For 1999, from today's point of

view, we can expect a decline in memployment. Whether we will succeed in attaining a three before the decimal point for the annual SCA its Matra division, which in- average remains to be seen, but that cannot be ruled out completely,"

Mr. Jagoda said. In the Thomson-CSF restructuring, Alcatel and Dassault Industries to expect to reach "acceptable" levels of unemployment in the short

term, Mr. Jagoda said. Unemployment has risen to cent are the limit of what is economwhere it is now over a number of ically defensible."

WORLD STOCK MARKETS

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Sakura and LTCB Ask for Cash Injection

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TOKYO — The head of Long-Term Credit Bank of Japan Ltd. pleaded Monday for taxpayers' cial crisis. But deliberation on six funds to rescue his bank as Sakura key financial bills has been stalled Bank Ltd., Japan's fifth-largest with opposition parties opposing commercial lender, asked shareholders for more capital.

The moves underline a deepening financial crisis in Japan, where banks are struggling with 77 trillion yen (\$547.65 billion) in bad loans. Sakura said it was asking Toyota Motor Corp. and other members of to take up a new issue is a sign that

yen of new shares.

Akishige Okada, the Sakura president, said the new money would help the bank cover itself better against losses and might covery as a sainst losses and might covery. against losses and might convince credit-rating companies to raise its keiretsu system still is playing a role status, which is now just two in Japanese finance today," said

status, which is now just two notches above "junk."

Sakura said the bank planned to Sakura sa speed up its disposal of bad loans and "sharply" cut back its business in Europe and the United States.

Meanwhile, Katsunobu Onogi,

president of Long-Term Credit, told Parliament that Japan's ninth-largest bank would not be able to survive without taxpayer money. He said that if the bank were allowed to fail, "it would damage the entire society and the economy tremendously."

The bank is seeking help from the government as it prepares to dispose of 750 billion yen in bad and risky debt in September. The bad-loan write-off and public funding are intended to clear the way for a proposed merger with Sumitomo Trust & Banking Co., which asked that Long-Term Credit dump its bad loans.

Soros Is Warned

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Taiwan Markets

Compaind by Our Staff From Dispatches

b. nk on Monday warned in-

ternational speculators, includ-

ing the U.S. financier George

Soros, not to bet against finan-

cial markets on the island, of-

News Agency as saying there

was no concrete evidence of

Mr. Soros speculating in Tai-

wan as of now. Separately, Taiwan's central

bank Monday again rejected the

use of foreign exchange re-

serves to shore up the stock market. (AFP, Reuters)

ficials said Monday.

TAIPEI - Taiwan's central

Tokyo is reluctant to let any of the top banks collapse owing to fears that failures would trigger a finan-

rescue plan for Long-Term Credit. Finance Minister Kiichi Miyaza wa said in Parliament last week that public funds were necessary to keep the bank afloat.

Sakura's request for shareholders its business group to buy 300 billion some of Japan's traditional keiretsu

'What this is showing is that the Walter Altherr, an analyst at Jardine

Japanese banks are struggling to tackle their huge bad loans, mainly to construction and real estate firms. that were built up during the spec-ulative excesses of the late 1980s bubble economy.

Now the tumbling Nikkei stock market index and the sliding yen are adding to their woes.

Factory Output Slips in July Production at Japan's factories Monday, according to a dispatch from The Associated Press. A month earlier, output rose 1.7 percent, the first gain in four months.



Mr. Onogi speaking Monday to a parliamentary panel in Tokyo.

Korea Calls Off Kia Motors Auction

SEOUL — Creditors have failed to auction off Kia Motors Co., the bankrupt South Korean automaker, official news reports said Monday. The state-run Yonhap news

agency said the auction, as expected, was canceled after all four time since 1993 to spur bank lend-bidders failed to meet terms set by Kia's creditor banks.

Ford Motor Co. and three South

Korean carmakers — Hyundai Motor Co., Daewoo Motor Co. and Samsung Motors Inc. — submitted bids for Kia in mid-August. All four bidders demanded that

creditors write off more of Kia's debt, Yonhap reported. Executives at Kia and its cred-

Tuesday. Yonhap said the creditors were likely to invite new

■ Interest Rates to Be Cut

The central bank of South Korea said Monday that it would cut

sion, Bloomberg News reported.

The Bank of Korea said it would cut the rate -- what it charges banks for loans backed by securities — to 3 percent from 5

percent, effective Tuesday.
At the central bank, officials said the rate cut was intended to encourage banks to lend to small and midsize companies, many of itors refused to comment, saying which are struggling because of an announcement would be made the economic slump.

DROP: Hong Kong Stocks Fall as Government Backs Out

Continued from Page 11

said. If that is true, the government's \$168 billion in foreign debt due Hong Kong could foster doubts bill for the last two weeks may be as within a year, nearly three times the about the stability of the yuan.

high as \$25 billion.

If it should run through another big chunk of its reserves in defense of the currency peg, the government the Hong Kong economy into a might be left with only two options, cash-flow crisis," Mr. Tao said.

The central bank is keeping a close watch on the domestic foreign exchange market and and several other small countries, would deliver a hard blow to any has been gaining support among devaluation and mass bankruptcy." speculators, said George Chou, director of the central bank's brokerage firms that see disaster inforeign exchange department.

However, Mr. Chou was quoted by the state-run Central

to maintain the currency peg.

The main advantage of dollarizing fidence to lend money at something close to U.S. rates, because local

down in the banking system, argues of foreign currency reserves.

equity and currency" support, he Tao. Hong Kong companies have minment of its reserves to a dollarized

some analysts say: a devaluation, which it has repeatedly ruled out, or the scrapping of the Hong Kong dollar in favor of the U.S. currency.

The latter option, known as dollar in favor and adopted in Parameter and adopte the many corporates that have U.S. the most pragmatic government in dollar debts and Hong Kong dollar or the world," Mr. Tao said. Faced larization and adopted in Panama yuan earnings," it said. Hong Kong and several other small countries, "could then avoid the whirlwind of

Mr. Tao added that foreign inthe continuing high interest rates and vestors might feel better about buy- harmful of its options for the terthe depletion of reserves necessary ing stocks and other assets in a dol- ritory's monetary system. larized Hong Kong.

a new report by an economist at China has promised not to devalue Credit Suisse First Boston, Dong its currency, the yuan, but a com-China has promised not to devalue

within a year, nearly three units are amount owed by companies in South Korea. A reluctance by banks dollarizing, analysts concede, is surplus fell to south Korea. A reluctance by banks political. China could see the absolute of the Hong Kong dollar, less than two years after taking back the A report by Santander Investment territory from Britain, as a tremendons loss of face.

Still, "the Chinese government is with the alternative of mass bankruptcies and a shaky banking system. China could easily learn to like a dollarized Hong Kong as the least

companies would no longer be bor- reserves to back local currency even though this stipulates that the ported. rowing U.S. dollars at the same time notes and coins in circulation. To Hong Kong dollar should continue The status quo threatens a melt- require China to pledge its mountain lars could still circulate to get around this provision.

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Central Bank In Thailand Sees No Signs Of Recovery

BANGKOK — The Bank of Thailand said Monday that the economy showed no visible signs of recovery despite sustained surpluses in trade and current accounts.

The central bank said the private investment index fell a record 16.9 percent in June from a year earlier, the ninth consecutive monthly drop. The index retreated 14.4 percent

in May from a year earlier. Suchada Kirakul, the bank's deputy chief economist, said Thai factories used only about 53 percent of capacity during the second quarter, down from 53.4 percent in the first quarter and 59 percent in the last three months of 1997.

The central bank said the manufacturing production index fell 16.4 percent in the first half, in contrast with growth of 7.2 percent in the first six months of 1997.

"We still saw no signs of recovery; fresh private investment was seen only in ongoing projects committed earlier, especially those promoted by the Board of Investment," which is state run, the central bank economist said.

She said Thai and foreign banks

pursued a cautious lending policy in the past two months as the recession deepened and said the Thai construction industry and property sector still suffered from huge capacity and supply surpluses. The government has predicted

that the economy will contract 7 percent this year, its worst performance in several decades. Private analysts expect gross domestic product to contract by as much as 10 percent in 1998.

But Miss Suchada said both trade and current accounts posted monthly surpluses for the 10th month running in June.

The June trade surplus shrank slightly, to \$928 million from \$959 million in May. The current-account surplus fell to \$853 million from

Imports fell a steep 35.9 percent in June from June 1997, to \$3.57 billion, although less than analysts' projections of up to 38 percent and the 39.7 percent decline in May.

Exports fell 3.1 percent from June 1997 in dollar terms, the fifth monthly decline in the past six months, but narrower than the 11.9 percent decline in May.

A Windfall for Bangkok

The battered Thai economy re-The governor of the State Deceived a welcome windfall as senior yet there are several problems velopment Bank of China, Chen officials confirmed Monday the discontinuous confirmed Monday the is that banks would have the con- connected with scrapping the Hong Yuan, was reported to have said this covery of \$367 million stashed in an Kong dollar. On a echnical basis, month that dollarization would not apparently forgotten U.S. bank ac-Hong Kong has only enough foreign breach the Hong Kong constitution, count, Agence France-Presse re-

Deputy Prime Minister Bhichai that they were earning money in a convert all bank deposits and elec-vulnerable local currency. convert all bank deposits and elec-to circulate. Analysts have said that a token amount of Hong Kong dol-been found in a Defense Ministry account at the Federal Research Bank of New York.

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Jakarte Wallington	Composite Index NZSE-40	342.44 1,827.56	339.02 1,847.73	+1.01
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Very briefly:

· Singapore stocks fell, with the new Straits Times index tumbling 3.3 percent to an 11-year low, amid concern that Malaysia will impose capital controls. The index, whose components were changed over the weekend, fell 28.83 points, to 856.43, in its debut.

 Indonesia's annual inflation rate accelerated to 77.2 percent in August, making it likely that price increases for the year would overshoot the government's target of 80 percent. The trade surplus widened to \$2.38 billion in June from \$2 billion in May and \$857 million in June of last year.

· Moody's Investors Service Inc. lowered the ratings of China International Trust & Investment Corp., known as CITIC, and six other government-run international trust and investment corporations - those of Fujian. Guangdong, Shanghai, Shandong, Shenzhen and Tianjin. CITIC's longterm foreign currency debt rating was cut to Baa2 from Baa1, and the financial strength rating was cut to D from D+.

• Australia's trade deficit in goods and services narrowed in July to 797 million Australian dollars (\$450.3 million) from a revised 805 million Australian dollars in June.

• Brierley Investments Ltd.'s chairman. Roger Douglas, will step down, bowing to pressure from the New Zealand-based investment company's biggest shareholder. Camerlin Group Bhd. of Malaysia, amid a decline in Brierley stock.

• China started work on a 4.5 billion yuan (\$543.5 million) rail link between the island province of Hainan and the mainland, part of its plan to keep economic growth strong through huge infrastructure spending.

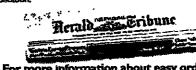
• Japan's motor vehicle exports in July fell 5.8 percent from a year earlier, to 403,732 vehicles, pressured by the economic doldrums in Asia. The value of exports, including auto parts, declined 8.6 percent, to \$6.83 billion.

• PT Indah Kiat Pulp & Paper Corp. of Indonesia, a unit of Asia Pulp & Paper Co., said second-quarter profit fell 5 percent, to \$56.7 million, as it was forced to cut prices. The company reports in dollars because all of its sales are denominated in that currency.

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Herald Eribune

Coach Found Guilty

SWIMMING A former East German doctor and a swimming coach who admitted giving performanceenhancing drugs to young female swimmers were convicted Monday of causing bodily harm and fined. It was the second verdict in cases

dealing with the use of anabolic steroids in the former communist country in the 1970s.

The three doctors and two coaches sentenced so far have avoided prison terms. All five admitted administering the drugs. Proceedings are continuing against coaches and doctors who have stayed silent on the charges.

The Berlin state court fined Rolf Glaeser, who coached Dynamo Berlin, 7,200 Deutsche marks (\$4,000). Dieter Binus, the team doctor, was fined 9,000 DM. (AP)

Spinner Destroys English

CRICKET Muttiah Muralitharan took seven more English wickets Monday as Sri Lanka won the oneoff test by 10 wickets. Muralitharan finished with nine wickets in England's second innings and 16 wickets in the match. It was the fifth-best match haul in test cricket history.

David Lloyd, the England coach, criticized Muralitharan's "unorthodox action" on Sunday, implying that his bowling motion was illegal. The criticism rebounded Monday as England's batsmen failed against Muralitharan. Only Alec Stewart, the captain, escaped He was run out. England was all out for 181. Sri Lanka scored the 36 it needed in five overs.

Bears Release Mirer

FOOTBALL The Chicago Bears cut the quarterback Rick Mirer, the No. 2 pick in the 1993 National Football League draft, on Sunday. The Bears traded a first-round draft pick to Seattle for Mirer last season and signed him to a \$10 million contract. But he lost the starter's job to Erik Kramer.

WORLD ROUNDUP Ivanisevic Is 'Perfect' As He Avoids Upset

But Seeded Berasategui Falls to Muster

NEW YORK - Goran Ivanisevic got past a big hurdle Monday, the opening round of the U.S. Open.

'In the last five years, I've made one semifinal and four first rounds," Ivanisevic said after stopping Mark Woodforde of Australia, 6-3, 6-4, 6-4, in the opening match at Arthur Ashe Stadium. 'Today was perfect.'

Ivanisevic, a who is seeded 14th, reached the semifinals in 1996 but lost

U.S. OPEN TENNIS

in the first round in 1994, '95 and '97. In other matches Alberto Berasategui became the first seed to fall and Peter Sampras breezed through to the second

Berasategui, one of four Spaniards seeded in the men's draw, lost a battle of clay-courters, falling to Thomas Muster, a former world No. 1, 7-6 (7-1),

6-2, 6-3. "Not bad. It was all right," Muster said. "He got a little tired and made some unforced errors in the second and

third sets." Ivanisevic pounded 23 aces in the match between left-handers, time and again catching Woodforde, one of the world's top doubles players, leaning the

wrong way.

Even Ivanisevic's erratic ground game was impeccable under the bright, hot sun, as he struck 49 winners to 23 by

"If I can continue to serve like this, great," Ivanisevic said. "The court has never been faster,'

Festering bad blood between Ivan-isevic and Woodforde surfaced during and after the match.

Woodforde hit Ivanisevic in the back with an overhand slam midway through the second set and then the veteran Australian doubles specialist said af-

Ivanisevic played Woodforde said Ivanisevic had yet to prove he can win a Grand Slam title.

"I have yet to see him serve an entire Grand Slam tournament as well as that," Woodforde said. "He may come out and find his shoulder sore or something like that.

"He's a contender to be alive deep in the second week. I just think maybe the occasion would outweigh his chances of winning, that he hasn't won a Grand Slam and he dearly wants to win one. Better opponents than me that can return better can give him problems later in the tournament.

Ivanisevic suggested that Wood-forde's exit here should also mark his farewell as a singles player.
"I think it is time for him to retire in

singles," Ivanisevic said of the 32-yearold Woodforde. "He is pretty old, he

"If I have son, I just show a picture of Woodforde and [say] you can't play tennis like him. Ivanisevic said he is s haunted by his

five-set loss in the Wimbledon final last month to Sampras when he failed on two set points in the second set. "Even now sometimes I think about

when I am alone," Ivanisevic said. "When I hit a good return then I think, 'Why didn't I hit it like that in the two set points?" Ivanisevic said. "I try to do anything just not to think about it, but it is not easy sometimes. Pictures are coming back.'

Sampras began his pursuit of a re-cord-tying 12th Grand Slam singles title by beating Marc Goellner of Germany, 6-3, 6-2, 6-2.

Sampras served 11 aces, the fastest at 131 miles (210 kilometers) per hour, to dispatch Goellner in 84 minutes. Patrick Rafter, the reigning cham-

pion, was scheduled to start his defense Tuesday. Rafter completed his preparations Sunday by winning the Hamlet Cup, his fourth tournament victory this

Patrick Rafter beat Felix Mantilla, 7terward he didn't much like the way 5 (7-3), 6-2, to win the Hamlet Cup in suburban New York.

"Physically, I'm more refreshed and



Gustavo Kuerten serving Monday as he beat Noam Behr, 4-6, 6-4, 6-3, 6-4.

a lot more relaxed for the U.S. Open than I was last year," Rafter said. "I don't have to prove anything. My record this summer speaks for itself. I'm going into the tournament with a lot more confidence and a stronger mental at-

In the women's singles, Patty Schnyder of Switzerland, seeded No. 11, advanced with a 7-6 (7-5), 7-5 victory over Yuka Yoshida of Japan. Ai Sugiyama, the No. 16 seed from Japan, beat Ruxandra Dragomir of Romania, (Reuters, AP, AFP)

Indonesian Celebrates After Losing A To Thailand

An Indonesian striker scored an own goal Monday to give Thailand a 3-2 victory it did not want in a bizarre Tiger Cup match in Ho Chi Minh City.

Both teams had said before the game that they did not want to win. Victory meant a semifinal match against host Vietnam in Hanoi on Wednesday, National Day. Indonesia, the loser, will stay in Ho Chi Minh City to play Singapore. The referee did not have to blow his whistle in the first half and neither team

made a serious attack on goal. The fans began to leave after 20 minutes. At halftime the coaches were called before the match commissioner, Tan Eng-yoon. The talk seemed to have an effect. Indonesia scored. Thailand equalized.

Indonesia went ahead again. A minute from time, Thailand equalized again. Then Indonesian players kept pos-session on the edge of their own penalty area. As the final seconds ticked by Mursyid Effendi thumped the ball into

his own net and turned to celebrate. "This is the first time as a coach that I have seen a team play like this," said Rusdy Bahalwan, the Indonesia coach. "And I'm ashamed."

■ Rijkaard Takes Over Dutch

Frank Rijkaard was appointed coach of the Dutch national team Monday, Agence France-Presse reported from Ziest, Netherlands

Rijkaard, a defender and midfielder, played on European Cup-winning teams at AC Milan and Ajax Amsterdam. He played in the Dutch team that won the European Championship in 1988. He succeeds Guus Hiddink, who resigned to coach Real Madrid after guiding the Dutch to the World Cap semifinals.

Rijkaard, 35 was born in Suriname. He was Hiddink's assistant at the World Cup. He will be in charge at least until Euro 2000, which the Dutch will co-

New Coaches Kick Off (Reboot?) Quest for First High-Tech Title

New York Times Service

EW YORK - They want you to believe that this is the year colfashioned polls to crown an undisputed national champion.

They want you to believe that the coaching conga line — 13 new faces are popping up in Division I-A jobs --- will give the 1998 season a saucier beat.

And they want you to believe that this is really the year of the quarterback. even though Peyton Manning and Ryan Leaf have moved on to the National Football League. Cade McNown at UCLA, Daunte Culpepper at Central Florida, Tim Couch at Kentucky, Michael Bishop at Kansas State, Corby Jones of Missouri and Donovan McNabb at Syracuse should ensure that

there are plenty of Saturday bombs. Who are they? Conference commissioners, coaches, writers, television pundits and, most important, fans. The beauty of college football endures because there is no league office, no catchy marketing slogan, no free agency or playoff structure to encroach on the mystery of who is the best team.

"It's all a mystery; that's why you line them up and play them," said Joe Paterno, the Penn State coach who is two victories away from becoming the sixth college coach to win 300.

The usual suspects should contend for the national title: Nebraska, Florida State, Florida, Michigan and Ohio State. But the Bowl Championship Series has been concocted to pick two of them for a true No. 1-against-No. 2 bowl game, on Jan. 4 at the Fiesta Bowl.

To do so, the conference commissioners ave come up with a mathCollege Football / Joe Drape

lege football rushes into the fu- ematical formula that is entertaining, raska team each win a national cham- turns to who is the true No. 2. ture, when quartiles and adjusted de-viations get swirled with the quaint, old-the news media and coaches' polls, wolverines finishing No. 1 in The Aswhich determined previous champions.

On the coaching front, Mack Brown moves from North Carolina to Texas. Paul Hackett goes from National Football League offensive coordinator at Kansas City to USC, where he won his first game, the Pigskin Classic, 21-17, against Purdue on Sunday.

But only one new coach matters: Frank Solich at Nebraska, which has won outright or split the national championship in three of the last four years. He is a 53-year-old rookie head coach who spent 19 years as a Cornhusker

assistant under Tom Osborne. While there is a brigade of electrifying quarterbacks, none is more intriguing than the starter at Florida State. Chris Weinke is a 26-year-old who failed as a baseball minor leaguer.

Finally, toss in a wide-open Heisman Trophy race that is notable for its unheralded field, which is headed by the Texas running back Ricky Williams. He sports dreadlocks, but fashions himself after such old-timers as Doak Walker of Southern Methodist and another Longhorn, Earl Campbell — the 1948 and 1977 Heisman winners.

Computing Who's No. 1

The Bowl Championship Series grew from the bowl alliance and was made possible when the Big Ten and Pacific 10 conferences, along with the Rose Bowl, agreed to take part. In theory, never again will an undefeated Michigan team and an undefeated Nebsociated Press poll, and the Cornhuskers finishing on top of the USA Today/

ESPN coaches' poll. The goal is simple: to match the two best teams in a title game, which will rotate among the Sugar, Orange, Fiesta and Rose bowls. The method is not simple. It will factor in the coaches' and news media polls, three sets of computer rankings, team records and the strength of their schedules.

Even those most affected — the coaches - do not always understand the system. John Cooper, coach of both polls' preseason No. 1 choice, Ohio State, opts for blind faith: "Any system where No. 1 and No. 2 meet on the field

in the last game, I'm all for." Bobby Bowden, whose Florida State team is the preseason polls' second pick, embodies a prevalent confusion. First he said the system left no margin for error, then, remembering the 1993 title the Seminoles won despite a regularseason loss to Notre Dame, he decided,

'Maybe you get room for one error.' Finally, he gave up. "I guess the thing is you only have to be No. 2 after the season," he said. "Shoot, I guess

this is the best we're going to get. If the computers compute correctly and the voters vote with care, there remains only one way to guarantee an unimpeachable national title game: two teams, and only two, need to go unbeaten and untied, as has happened in five of the last seven seasons. If three teams end with perfect regular-season records, which has happened three

times since 1979, the debate is re- The whole thing took 10 minutes." opened. If one team is perfect while two others have one loss, the discussion

"Is this a perfect system?" asked Roy Kramer, commissioner of the Southeastern Conference and chairman of the championship series. "There is no perfect system."

Nebraska Coach on the Spot

In Nebraska, saying that there is no perfect system would be considered blasphemous. Frank Solich knows that. Like the Nebraskans who slap his back a little harder now on the streets of Lincoln, Solich believes that the Cornhusker program is as flawless as any involving pads and helmets. He played fullback under one Nebraska coaching legend and learned the system as an sistant alongside another.

In 11 seasons, Bob Devaney won 101 games and two national titles. Over 25 years, Tom Osborne won 255 games and three national titles. So what is expected from Solich now that he has inherited the defending co-national champions, even though it is a team that has lost a starting quarterback and I-back and returns only one offensive lineman?

'Some people may have 8-3 expectations, but I haven't run into any of them," Solich said in his characteristic monotone. "When people stop me on the street, they don't ask me how we'll do, they tell me.'

Solich was given a year to prepare. In July 1997, Solich said, Osborne knocked on his door and asked for a minute. "He told me he was going to retire and I'd be the next coach," Solich recalled. "We talked about when he would announce it. He asked me not to mention it to anyone.

said. "We have not tried to be trendy. We know our offense. We know what we need to get done."

"Nebraska doesn't change," Solich

From Diamond to Gridiron

He is a 6-5, 225-pound sophomore who speaks in the measured tones of an investment banker. He hit .248 over six minor league seasons as a first and third baseman, but when the Toronto Blue Jays asked him to move to catcher, he had another position in mind. So Chris Weinke called Bobby Bowden.

Back in 1990, the Florida State coach had thought enough of Weinke, a high school All-American, to sign him as the team's only quarterback prospect. Then the Blue Jays called and offered \$400,000. Bowden did what he always does when baseball steals a player: he told the kid he would hold his scholarship in case he changed his mind.

"You know, when I said that I was thinking that if he changed his mind within two years, we'd have a scholarship for him," Bowden said, laugh-'Not six years. I'd already forgotten about him when he finally called

When Weinke returned to school last season, he admits, he was far more comfortable in coaches' meetings than in the locker room.

The coach recognizes that Weinke's maturity will be vital to a young team. Weinke only mopped up in a few games last year, but he impressed Bowden with long hours in the film room. "He is a professional," Bowden said.

"He's got six years of pro ball behind him. It's not football, But I don't know if anybody has as much pressure as a guy



Paul Hackett, the new USC coach. celebrating a touchdown in a season-opening victory over Purdue.

does standing in that box trying to hit the fastball with the bases loaded. When asked the difference between

running back Travis Minor said, "The rest of us are broke." Weinke, a Minnesota native, said he had invested his bonus wisely. Asked whether he was a millionaire, as rumored

in the locker room, Weinke smiled and said teasingly, "I might be close."

His biggest investment, however, may have been in breaking through the generation gap with his young teammates. He stayed in Tallahassee over the summer and organized throwing and running drills. He recently took his entire receiving corps out to dinner at a seafood restaurant. The offensive line,

Where will he take them? "To an all-you-can-eat buffet." he said, demonstrating the old guy's wisdom he brings to his new game.

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WORLD SERIES OF GOLF

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10. Carlos Mayra, Spain. 2,509
11. Yevgeny Kalelnikov, Russia, 2,338
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5. Venus Williams, U.S., 3,122 6. Monico Seles, U.S., 2,839 7. Conchito Mariinez, Spala. 6. Monico Sales, U.S., 2,839
7. Conchito Marlinez, Spaln, 2,396
8. Irina Spirice, Romenia, 2,204
9. Notholie Touziat, France, 2,161
10. Parily Schayder, Switzerland, 2,105
11. Amende Coettes, South Africa, 2,017
12. Mary Pierce, France, 1,957
13. Dominique Van Roost, Belgium, 1,930

20. Michael Chang, U.S., 1,494 WEA BANGENO:

14. Arına Koumikova, Russia, 1,778 15. Al Sogiyama, Japan, 1,663 16. Natasha Zvereva, Belarus, 1,656 U.S. OPEN

MONDAY SHINEW YORK

Goran humisevic (14). Cru., def. Mark Woodfarde, Aus., 6-3, 6-4, 6-4. Woodfarde, Aus., 6-3, 6-4, 6-4. Transas Musics. Austria, def. Alberto Be-Translegui (15), Sp., 7-6 (7-1), 6-2, 6-3. Davide Sangsinetti, H., def. James Selatiov, Dovine Scrigoment, II., act., James Sekalov, Aus., 6-4, 6-2; Gestavo Kverten, Brazil, def. Noom Behr, isr., 4-5, 6-4, 6-3, 6-4. Pete Sampres (1), U.S., def. Marc-Kevin Pete Samples (1), U.S. Samples Golines, Ger. 6-3, 6-2, 6-2.
Martin Daynes, Czech R., def. Sjeng Miknel Tilistrom, Czech R., Gef. Sjeng Schalken, Neth., 6-3, 6-3, 7-5. Miknel Tilistrom, Swe, def. Andrew Park, U.S., 7-5, 6-3, 6-1; Woyne Arthurs, Aus., def. Carlos Costa, Sp., 6-3, 5-7, 6-4, 6-4. Bob Bryon, U.S., def. Marcas Chairoska, S. Africa, 3-6, 6-7 (5-7), 6-1, 6-4, 6-4.

Scholler, Neth. 4-3, 6-3, 7-3, 6-4.
Alknel Tillstrom, Swe, def. Andrew Park.
U.S., 7-5, 6-3, 6-1; Wayne Arthura, Aux., def.
Cartos Casta, Sp., 6-3, 5-7, 6-4, 6-4.
Bob Bryan, U.S., def. Marcas Ondroska. S.
Africa, 3-6, 6-7, 6-7, 6-1, 6-4, 6-4.
Woonseen's Senecules
Magdalerin Grzybowski, Pol., def. Katarina Studonskova, Stovakić, 4-9, 6-1.
Pathy Schryder (11), Switz, def. Yuka
Yashida, Jop., 7-6, 17-5], 7-1.
Amaile Mauresma, Fr., def. Ludmika
Richterona, Crech R. 6-2, 6-1.
Kimberty Po. U.S., def. Kerry-Arane Guse,
Aux., 5-4, 6-1; Luma Granville, U.S., def.
Sung-tee Purk, S. Kar, def. Lenka Nemeckova, Czech R. 1-4, 6-3, 6-4.
Sung-tee Purk, S. Kar, def. Lenka Nemeckova, Czech R. 1-4, 6-3, 6-4.
Mino-Seeki, Jop., def. Jil Crybas, U.S., 6-1,
2-6, 4-3; Gold Lean Garda, Sp., def. Janet
Lee, Tolkson, 6-4, 6-7, 6-8, 1-6, 6-7, 6-1, 6-1, 1-6, 7-8. mechana. Crech R. 7-6, 6-3, 6-4.

Altho Soeki, Jap. def. Jill Craybas, U.S., 6-1,

2-6, 6-3; Gafa Leon Garcia, Sp., def. Janet
Leo. Tahwan, 6-4, 6-7 (6-8), 7-6 (7-4),

Sandrine Testud, Fr., def. Shi-Ting Wang,
Tahwan, 6-0, 6-2; Al Supjiyama (1-6), Jap., def.
Rusandra Dragomia, Rom., 6-1, 6-2,

Evgenia Koulkovstaya, Rus., def. Sandra

Kleinova, Crech R., 4-6, 6-1, 6-2,

Arme Miller, U.S., def., Sandra Macuit, Yug.

6-2, 6-3; Sergeng Williams, U.S., def., Andre Molecult.

ef, Sandra Macut, Yva... kims, U.S., def, Micole

TRANSITIONS

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION
MILWAUKES—Numed George Korf couch
end signed him to 4-year controct.

NATIONAL POOTBALL
CHICAGO—Released G Mike Zandofsk
DE Martie Accessor Co CHICAGO—Released G Missa Zandorisch
DE Mortin Horrison, QB Rick Mirer, DT Carl
Simpson, TE Hopward Clay, CB Cyde Johnson, WR Eric Smith, FB Tremoyne Allen, LB,
Chris Droft and S Greg Williams, Signed LB,
Jim Schwemtz,
DAULAS—Released LB, Jomes Boiles, DE
Denny Fortney, QB Dantiel Gorzotez, CB
Zebbie Lethridge, FB David McCann, CB,
Terrell Sotton and DE Brett Williams,
DERVES—Sent WR. Patrick Leffens to Dailos and acquired LB Seth Joyner from GreenBay for past considerations. Released RBCurits Alexander.

and C Cary Withrow,
NEW ENGLAND—Traded DE Mike Jones to

NEW ENGLAND—I fraced DE filité Jones to .

St. Louis for 2000 5th-round dreft plot.

NEW ORLEANS—Released DE Rob.

Lurisente, WR Andy McCalibudh, WR Alanzo V.

Johnson, T Ricky Siglar and TE Nicky Saroia.

Put WR Gunner Twymer on jalured ressave and TE John Farquinaron reserve-physically
problem.



SPORTS

Slugger Clubs

55th After Cub

Ties Him at 54

By Ira Berkow New York Times Service

The seventh-inning hit off Dennis Mar-tinez, the Braves' right-handed relief

(152 meters) to dead center field.

pitcher, traveled an estimated 500 feet

Not only did McGwire take sole pos-

session of the home run lead with 55, but

he also gave the Cardinals an 8-7 lead in

the game, as there were two runners on base when he struck the blow. The lead

stood up as the Cardinals took the final

McGwire also drew closer to catch-

ng Roger Maris's single-season record

of 61 homers, set in 1961. McGwire has

26 games left in the season, Sosa has 25.

Sosa has moved to within a home run or

two of McGwire several times in the last

few weeks - after McGwire held the

lead for virtually the entire season -

and even went ahead once when the two

teams played in mid-August. But each time Sosa closes in, McGwire unloads.

In Chicago, on Aug. 19, Sosa went one ahead of McGwire, only to have the

Cardinal hit two in the same game to regain the lead. Sosa hit his 52d homer in

an afternoon game Wednesday against the Reds, and McGwire responded with

his 54th, against the Marlins, that night.

don't see the homer thing as a challenge

between me and Sammy. You don't get

is for the most heralded record in Amer-

ican sports. "What a great year, what a historical year," he said. "Wouldn't that

be something if both Sammy and me hit

But he knows the stakes, of course. It

an Oscar at the end of the season.'

game of their series with the Braves.

Two Twins - Alex Ochoa, an outfielder, left, and Todd Walker, the second baseman — bobbling a pop fly in Toronto. The Blue Jays won, 6-0.

Griffey Hits 46th and 47th As Seattle Routs Yankees

MHFR 1, 1998

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Table 1

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Ken Griffey, leading the American League, hit his 46th and 47th homers, giving him five in eight games, as Seattle won in a rout at Yankee Sta-

Griffey, who drove in five runs, gained

AL ROUNDUP

ground on Mark McGwire and Sammy Sosa in pursuit of Roger Maris's homerun record of 61.

A day after the Yankees became the rirst team to clinch a postseason spot, they looked nothing like a playoff club Sunday. A crowd of 55,341 watched New York fall behind 10-0 in the fifth inning as its four-game winning streak came to an end.

Indians 9, Athletics 4 In Cleveland, the rookie Richie Sexson hit his first grand slam as the Indians beat Oakland for the first time in 10 games.

Sexson, batting .413 since replacing the injured All-Star first baseman, Jim Thome, hit a shot into the left-field inning, his third homer in two days and fifth this season.

White Sox 5, Rangers 3 Jeff Abbott drove us two runs as Chicago beat struggling Todd Stottlemyre and the visiting Texas Rangers.

Abbon hit a sacrifice fly in the third inning and a run-scoring double in the fifth for the White Sox, who have won fire of seven games.

Stottlemyre (3-3), acquired from St. ouis on July 31, allowed five runs and six hits over six innings. He has given up 23 runs in 24% innings in his last five

In games reported in late editions Monday:

Blues Jays 6 wins 0 Roger Clemens pitched a two-hitter for his third straight shutout and 12th consecutive victory as Toronto blanked visiting Minnesota. The 36-year-old right-hander is unbeaten in his last 17 starts.

Angels 8, Red Sox 6 Garret Anderson ton after three of five in New York.

in Baltimore to complete its first sweep of the Orioles since 1991 and stretch the Orioles' losing streak to seven games.

Devil Rays 10, Tigers 5 Rolando Arrojo pitched seven shutout innings for his first win since July 16 and Bobby Smith homered as Tampa Bay won at Detroit.

The Associated Press

Curt Schilling was laboring, strug-

The result took them, and a lot of

Kent's line drive was snared by the

shortstop, Alex Arias, starting an

the host San Francisco Gianta.

the batter's box before it was over.

Bonds, started the eighth by fanning

Rich Aurilia. But the ball got away from

others, by surprise.

can you say?"

PEANUTS

GARFIELD

GUESTION



Chasing the Record

Home run tally for two contenders to break the season record of 61 homers set in 1961 by Roger Maris (left).

55 3-for-3 with one homer VS. Atlanta

Once Again, McGwire Answers the Challenge

هكذامن الإجل

on Sunday Maris through 136 **54** 1-for-3 with one homer vs. Colorado on Sunday

SAMMY SOSA

Maris through 137

what is it? --62 or 63 homers each? Well, we just have to see what happens. Sept. 27 is the finished product" - that is, the end of the season.

'I'm excited for Sammy," McGwire added. "He's having a magical season. Way better than I'm having. He's got a higher batting average, he's driven in more runs and his team is in the race for the wild card in the playoffs."

McGwire handicapped himself Sat-urday when he argued so belligerently on a called third strike in the first inning

that he virtually forced the umpire, Sam Holbrook, to throw him out of the game. So he was not around to fully respond at the plate to Sosa's 53d homer Saturday. But McGwire made up for it Sunday

night, after walking and hitting a single and a double in three trips to the plate. The home run was also his first in the four-game series against the Braves.

McGwire became only the second player to hit 55 home runs in a season in the National League. Hack Wilson set he record of 56 with the Cubs in 1930.

McGwire Is Good for Business

NEW YORK — Mark McGwire's recent admission that he has used a testosterone-boosting compound for the past year has pumped up sales of

The substance used by McGwire is androstenedione and was developed by East Germany's state-sponsored athletic drug program in the 1970s.

Chico Laney, who started a mailorder supplement company called Muscle Up out of his parents' house in San Jose, California, three months ago, said that before the McGwire story broke, sales were slow - sometimes only one order a week. During the last week, however, he received six to seven orders a day, mainly for androstenedione, which he gets from

The loosening of U.S. laws dealing with food supplements - intended to encourage the market for herbal remedies and natural products - estab-

an Oregon manufacturer.

lished an opening for products like androstenedione, which can be derived from the Mexican yam plant and the Scottish white pine. Manufacturers and medical experts

say these products would not have been available over the counter under the old rules. By calling a substance a supplement and carefully avoiding any claims that it can cure a medical condition, a product can be labeled a food even though in most of the world it is a controlled substance.

The supplement industry had \$12 billion in sales last year, up from \$8 billion before the federal law took effect, according to Nutrition Business Journal, a trade publication.

Manufacturers are racing ahead with new products. Met-Rx, a company in Irvine, California, says it is developing a gum that bolsters testosterone three times more effectively than the stuff McGwire takes, the company says — while being chewed.

single in the seventh for visiting

The Expos handed Kevin Brown (17-

Reds 14, Martine 7 In Cincinnati, the

Bret Boose hit his fourth homer in

Reds finished a perfect season against

Florida -- winning all nine games -- by

four games, drove in four runs and extended his hitting streak to a career-high 13 games as Cincinnati completed a

four-game sweep of the defending

the Reds were undefeated against an-

liams homered, drove in four runs and

stole two bases as Arizona made it three

Devon White was 2-for-3, including

his 21st home run, and scored three

in a row over visiting Milwaukee.

It was the first time this century that

Diamondbacks 7, Browers 3 Matt Wil-

coming from behind three times.

World Series champs.

other NL team in a season.

Sosa Drills One Off Scoreboard In Brief Catch-Up

By Bill Dedman New York Times Service

DENVER - Sammy Sosa's 54th homer was a long one. Two Cubs fans. Mike and Karen Bressler, were settling into the last row at Coors Field when the ball sailed over their heads like a plane taking off for Chicago. The line drive bounced off the scoreboard girders about four stories above the field, producing a rugby scrum in search of a souvenir.

One guy had just gotten his hot dogs and fries and everybody ran him over, 'said Mike Bressler, 41. "There were hot dogs everywhere.'

Out of the pile emerged a bruised but glorious T.J. Salvador of nearby Fort Collins, with a Cubs souvenir to match his Cubs shirt. He offered the ball to Sosa after the game, but the slugger let the fan keep it. The Ruthian clout, es-timated at 482 feet (146 meters), was the longest home run of the 171 hit so farthis year at Coors Field

In his first-inning at bat, Sosa missed a fastball to fall behind 1-2 in the count. He waited for Darryl Kile's next pitch, a slider that stayed over the plate. "I didn't see where it landed," Sosa said. "I'm just trying to be patient."

The two-run home run drew a devotional ovation from the home crowd of 48,255, and respect from the Colorado players. "It silenced the dugout." the Rockies' manager, Don Baylor. "No ballpark's going to hold that ball." The home crowd was disappointed in

the finish, a 4-3 Cubs' victory, and also because Sosa hit only one home run. He popped out in the third, struck out swinging in the fifth and walked in the eighth, only to be thrown out trying to steal second.

After the game, Sosa declined to assume the role of favorite to pass Maris, repeating his mantra: "This is the Mark McGwire show. If I get it first, God bless America.

Sosa could cool off and still break the record with ease. He needs a home run in about one out of three remaining games. In the past three months he has hit better than one home run in every two games (45 homers in 84 games, beginning with two May 25). As August proceeded, he stepped up the pace, hitting eight homers in 14 games.

It was Sosa's second home run in six games this year in Colorado, where homers are plentiful. The Cubs and Rockies hit 23 home runs and 164 hits in their six games there. Other homers Sunday came from Gary Gaetti (his 13th) Jose Hernandez (21) of the Cubs and Larry Walker (20) of the Rockies.

The victory helped the Cubs tie the New York Mets in the National League



Sammy Sosa watching his 54th home run take flight at Coors Field.

'It feels good to come back and win a homered and drove in three runs as game, feels even better doing it against Anaheim won its second straight series one of the best teams in the National League," McGwire said Sunday. As for Sosa, McGwire said, "I can against a possible playoff opponent. The Angels took two of three games at Bosonly take care of myself." He added: "I

Royals 3, Orioles 2 Kansas City won

Phillies, With Help From a Triple Play, Beat Giants the catcher, Bobby Estalella, allowing Aurilia to reach first. He moved to gling to finish what he started. Jeff Kent second on another wild pitch, and Bonds

took a swing and hit the ball just about as was intentionally walked. flipped the ball to the second baseman, Mark Lewis, to double off Aurilia, and

NL ROUNDUP

Bonds was caught off first when Lewis completed the triple play by relaying to the first baseman, Rico Brogna.

eighth-inning triple play that helped Schilling hang on to pitch his major league-leading 13th complete game in Philadelphia's 5-4 victory Sunday over Buoved by the Phillies' first triple play since Sept. 20, 1992, against Pitts-burgh, Schilling came back to close the The triple play unfolded so quickly Kent barely had a chance to move from game out, stranding the tying run at second when he got the pinch-hitter J.T. "When it went off the bat, I didn't have time to think," Kent said. "I was Snow to ground out.

It was the second time this season that just in shock. I hit that ball hard. What the Giants hit into a triple play. The other came Aug. 5 against the New York Schilling, touched for seven hits, including a pair of solo homers by Barry

"That was total misfortune," the San Francisco manager, Dusty Baker, said.

"That's two this year. I hadn't seen two in my career." Astros 11, Pirates 4 In Houston, the

rookie Richard Hidalgo homered twice 5) his second loss in his last 16 deas the Astros got their 40th come-frombehind victory this season.

Shane Reynolds (17-8) struck out a season-high 11 in seven innings for Honston, which has won three straight

dgers 4, Mets 2 The reserve catcher Tom Prince hit a tie-breaking two-run double in the seventh inning, and the former Met Dave Mlicki struck out a

season-high nine.
New York's loss, coupled with Chicago's victory, left the Mets and Cubs tied for the NL wild-card lead.

Pitching in 101-degree heat at Dodger Stadium, Mlicki went the distance, giving up two runs on eight hits. Expos 2, Padres 1 Mike Thurman and three relievers held San Diego to three hits, and the former Padre Scott Livingstone had a pinch-hit run-scoring

CALVIN AND HOBBES



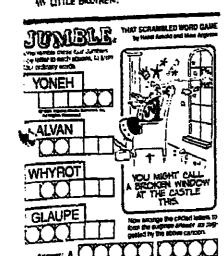






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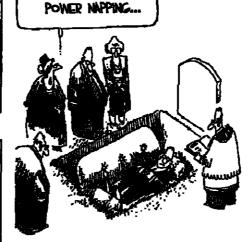




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ART BUCHWALD

Bill's Advice to Boris

TEW YORK—It was the first meeting in Moscow between Boris Yeltsin and "Will they forgive me for "Will they will be a will first meeting in Moscow between Boris Yeltsin and President Clinton. The ruble defaulting on my loans?" was lower than the Moscow

Yeltsin said to the president, "I'm up to my ears in fiscal borscht. What do I tell

my people?"
Clinton said, "Tell them the truth. They'll forgive anything if you tell

"But my devaluation plan Buchwald didn't work The country is going broke."

'It doesn't matter as long as you level with your people. They expect you to make a few mistakes. After all, leaders of superpowers can screw up. But if you go on television and offer a mea culpa, they will say, 'Let's get on with it.'

Yeltsin said, "What's a mea culpa?"

You go on television and ask everyone, including God, to forgive you for your sins." Will it work?

"It always works for me," Clinton said. "I had a problem recently, and I was being criticized for it. So I told the country I had made a slight mis-Bonnie on CNN."

"They forgave me when I said I had defaulted on per-

sonal matters, and everyone breathed a sigh of relief. In our country they like a president who is a straight shooter."

"Suppose I devalued the ruble, defaulted on my loans and had an affair with a ballet dancer in the Kremlin. Should I confess to all three?"

"Two out of three is enough. The Russian people don't want to hear all your mistakes."

Yeltsin was grateful. "I feel terrible about the ruble falling. At the beginning I denied that it had fallen. But then the evidence kept piling up, and I was sure people would not believe me. The Russians get upset about their rubles." 'You did the right thing,

Boris. Never explain and never complain. Swearing on a stack of rubles usually works when all else fails." "Will my confession help

me in the polls?" 'It helped me. I was way down in the polls until I told

Dublin Spirits Away Artist's Studio

Agence France-Presse ONDON — The studio of Francis Bacon, Britain's most famous post-war artist, has been secretly dismantled and transferred from London to Dublin, the Sunday Times says. John Edwards, Bacon's heir, told the paper he had given the Tate Gallery first refusal, but his offer had been spurned.

The studio in South Kensington was taken apart by "archeologists" from the Hugh Lane Gallery in Dublin. It will take several months to reassemble and it will then go on permanent exhibition. The paper said the transfer had caused outrage among art scholars and politicians who said the government should have intervened to save the studio for England.

Bacon, who was born in Dublin, found fame in London where he lived his death from a heart attack in 1992.

Who Owns N.Y. Skyline? Check the Fine Print

By David W. Dunlap New York Times Service

NEW YORK — For years, Bobby Short has been singing at the Café Carlyle that he feels New York is really "my personal property, right down Broadway to City Hall."

Careful, Bobby. That slice of New York skyline you think is yours may in fact be trademarked. treat architectural features as valu-The art deco spire of the Chrysler Building is a registered trademark (No. 1126888). So is the neoclas-

sical facade of the New York Stock Exchange (No. 1761655). Even the Manhattan White Pages needed permission to depict "Patience," one of the marble lions guarding the New York Public Library on Fifth Avenue (Trademark No. 1838167).

Rockefeller Center has applied for trademark protection of its centerpiece skyscraper, 30 Rockefeller Plaza, along with representations of the skating rink, Prometheus and Atlas. Radio City Music Hall is considering trade-marking its signature art deco in-teriors. The Flatiron Building and Grand Central Terminal are other eligible candidates.

Indeed, a growing number of landlords are seeking to control the ways in which images and like-nesses of their distinctive buildings are used by others. They mean business, too. The New York Stock Exchange has sued the New York-New York Hotel and Casino of Las Vegas for building a one-third-scale model of the exchange's facade on the gambling floor.

"We've never taken the position that somebody who walks in off Las Vegas Boulevard will think they're in the Stock Exchange," said Doreen Costa of Baker & Botts, lawyers for the exchange. "But somebody may believe that this use is licensed."

And in New York the owners of the Chrysler Building have demanded that Fishs Eddy, a tableware store, stop selling a line of dishes called 212, which depicts the build-

New York landmarks in the border. The chill from these cases is being felt not just by souvenir makers, who reproduce buildings on mugs, magnets or salt-and-pepper shakers, but by designers, publishers, photographers and horror-film makers in search of fresh landmarks to crush. Their needs can conflict with those of owners determined to

able - and exclusive - assets. "It is the responsibility of the ownership to protect the goodwill that is symbolized by the mark," said Keri Christ of Milbank, Tweed, Hadley & McCloy, lawyers for the owners of the Chrysler Building, the Flatiron Building and Rockefeller Center.

"This is analogous to the situation where a celebrity or a famous person has a property right in their name and likeness that enables them to control the commercial exploitation of their identity," she said. "Why would you want to deny that kind of protection to a famous landmark?"

Because, said Julie Gaines, the co-owner of Fishs Eddy, "it's un-

'How can they say we can't use the Chrysler Building?" she asked "We wanted to do a plate that represented New York City. Leav-ing off the Chrysler Building would be like leaving off the World

David Childs, a partner in Skid-more, Owings & Merrill, which has designed corporate icons like Lever House on Park Avenue, was outraged to learn that the stainless-steel Chrysler spire was a trademark.

'Does this mean you can't use stainless steel?" he wondered "Does this mean your building cannot come to a point? What about Imhotep?'

Come to think of it, William Van Alen's design for the top of the Chrysler tower does bear an elong-ated resemblance to Imhotep's ated Step Pyramid at Sakkara, Egypt, built almost 4,800 years ago. Architecture as a valuable asset: The neoclassical facade of the New York Stock Exchange is a registered trademark. but it is not freshly concocted. It firmly in the public domain.) Pat-

had an exclusive right to its dis- kind structure

tinctive diner design.

In 1879, the engineer Gustave likely to be patented are Fotomats, Eiffel obtained a patent on his telephone booths, fast-food restaurants etvles of layouts," said John called 212, which depicts the building is not as ancient as that, Liberty. (The statue's image is Kittle, the director of the design

goes back at least to the 1930s, ents, which protect inventions, are when courts held that White Castle not usually sought for one-of-a-

examining group in the Patent a Trademark Office in Washingto Copyrights, which protect of inal artistic works, are more of

claimed by architects.
Platt Byard Dovell Archi adds a © to each drawing. "Pt a "C" in a circle says to the o

'You can't copy my crawing said Paul Byard, a partner firm and a lawyer. Trademarks are indicators designs, symbols, words or phras that distinguish the goods and services of one party from those of others. Federal registration is not required, although it helps in legal

challenges: As a trademark, a building is no different from any other three-dimensional object that plays such a role — the Weber grill, the Pepperidge Farm Goldfish cracker or the Coca-Cola bottle.

Coke bottles featured prominently in the case of the Rock 'n' Roll Hall of Fame and Museum in Cleveland, which has sued to prevent a photographer. Charles Gentile, from selling posters showing the pyramidal facade of its building.

The physical structure of the museum, the I.M. Pei-designed building is 'the Coke bottle,' 'de-clared Chief Judge Boyce Martin Jr. of the 6th U.S. Circuit Court of Appeals in Ohio, in a dissenting opinion in the case.

"Its building symbolizes something unique and protectable under the trademark laws," he wrote. "Like the Coke bottle, the building is also a container. Instead of containing a soft drink, the museum envelops an array of tangilisle and intangirise elements."

But the two-judge majority disagreed, lifted an injunction against entile and sent the case back to district court.

"When we view the photograph in Gentile's poster, we do not readily recognize the design of the mu-seum's building as an indicator of source or sponsorship," they declared. "What we see, rather, is a photograph of an accessible, wellknown, public landmark.'



--- Tom LaBlanz, a Dakota tribe member, performing at a gathering in Bowling Green, Kentucky of American Indian dancers from 12 states.

WITH canvases like "Girl Before a Mirror" and "Three the gallery's exhibition of works by Johannes Vermeer. W Musicians," the Los Angeles County Museum of Art will open a major exhibition of paintings, drawings, sculptures, collages and prints by Pablo Picasso. Beginning Sunday and continuing through Jan. 4, 1999, "Picasso: Masterworks From the Museum of Modern Art" draws on the boldings of that processes which has one of the world?" holdings of that museum, which has one of the world's most comprehensive Picasso collections.

Britain's vice consul on the Spanish island of Ibiza is quitting the post out of disgust at the antics of his fellowcountrymen. The Mail newspaper reported that Michael Birkett felt "ashamed to be British" after spending 18 months watching young British "degenerates" who flocked to the island seeking sun, sex and heavy drinking sessions. "I have always been proud to be British, but these degenerates are dragging us through the mud," he said. "The young people are out of control. I am so angry at the degrading behavior and the bad name Britain is getting in Europe, I knew

More than 600 people lined up Sunday for tickets to a show of 70 paintings by Vincent van Gogh that will open in Washington on Oct. 4. Some had been standing in line since 6:20 A.M., though the National Gallery of Art opened at 11 A.M. A spokeswoman said such lines had not been seen since

PEOPLE

A self-declared "King of Patagonia" said Monday that his troops had claimed deserted British rocks in the English Channel to protest British "occupation" of the Falkland Islands. The office of King Orelie-Antoine I said troops had stamped the name of the Kingdom of Patagonia and hoisted its flag on the largest of the rocks. But most of the Minquiers rocks are under water at high tide. The International Court in The

Architect Opens Solo Show

New York Times Service NEW YORK - Maya Lin, who vaulted to prominence Vietnam Veterans Memorial in Washington while still an undergraduate at Yale in the early 1980s, will have her first solo museum exhibition in New York beginning Tuesday The show, "Maya Lin: Topologies," runs through Oct. 31 at the Grey Art Gallery of New York University.

The show includes 15 works in glass, wood and wax, adapted from computer-enhancing imaging and microscopy and aerial views of Earth from airplane and satellite. Also included are prints, drawings and models.

Hague in 1953 turned down a French claim and confirmed British sovereignty. "King" Orelie-Antoine, an eccentric writer whose real name is Antoine Tounens, says he took over France's rights to the rocks. He claims to be a relative of a French adventurer who declared a short-lived Kingdom of Patagonia on Argentine territory in the 19th century.

More than 500 guests flew in to Juneau, Alaska, for a "to secret" party aboard a cruise ship that was being thrown by Paul Allen, a co-founder of Microsoft, for Bill Gates, the company's chief. Among them were Candice Bergen. James Cameron, Debbie Reynolds and Jeff Goldblum. Guests arrived on 20 or so planes, and were taken by bus to a 960-passenger cruise ship to cruise Glacier Bay and the Inside Passage.

Red River Music Festival in Wichita Falls, Texas, but a gum infection forced organizers to postpone the show. "He can't even talk right now," a spokesman said. "There's no sense in the festival going on without Merle."

generation and gender of the relationship of four people.

The fall cultural season at the Almeida Theater in London opens Tuesday with the world premiere of an Edward Albee play. "The Play About the Baby" is an exploration across



out of the blue

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day with Mr. Clinton, where Six during the after a dropped precipito Greenspan, the Fe Al chairman, who wa m California. spokeswoman for the Fer re. Lynn Fox, said the ce ballad no comment on the mark But economists said any sharp drop in the market he a more compelling case that could slow substantiall

months and that a cut in

ugon after two weeks of vacand Monday he had spoken d

lalaysia Cl h Currenc

By Thomas Fuller LUMPUR — Malaysia

turned its back on the fr fuesday, becoming the fe Asian country hit by the I conomic crisis to clamp dov nes nading. lovernment said Tuesday th ares, including restrictions (Manuella, as Malaysia and a be

fiding or departs of ringge ou country, would insulate th economy from the spreading acial cusis le can no longer stay with th free market system," Prum

Hahathir bin Mohamad said i ing the measures. They nee Wastand Prices

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